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LATIN AMERICA REPORT

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INTER-AMERICAN AFFAIRS

ARGENTINE PRESIDENT VIDELA COMMENTS ON POSSIBLE ACCORDS WITH BRAZIL

Rio de Janeiro MANCHETE in Portuguese 17 May 80 pp 26B-26D

[Interview with Jorge Rafael Videla, president of Argentina, by Murilo Melo Filho, in Buenos Aires, date not given]

[Text] [Question] How do you view the coming visit of President Figueiredo to Argentina?

[Answer] For us, this visit is very important, and highly gratifying to the Argentine people and government. We are preparing to greet him as a goodwill messenger from Brazil to our country. We are firmly convinced that personal and direct meetings, which generate dialog, are the best path to understanding between individuals and peoples. In this particular case, the dialog will be much easier because President Figueiredo is an old friend of Argentina. He has lived among us and so he understands us.

[Question] What matters are to be discussed in your conversations with the Brazilian president?

[Answer] Because our people are related by a common border, there are many matters of common interest to us. Instead of enumerating them, I would like to discuss them as a whole. President Figueiredo's visit represents a gesture of good will, just as the good will that will be accorded him by the Argentines. I believe that this gesture of good will on both sides will be the foundation for all the accords, which are all the more inspired and safeguarded by this defense of our policy of good will.

[Question] Will this meeting with the Brazilian president contribute to further strengthening the ties of friendship between Brazil and Argentina?

[Answer] I am absolutely sure of it, and I would like to expand on this opinion. Relations between peoples must be measured in historical terms and not be mere circumstances. Over time, these relations may be brighter or cloudier. This rule applies to relations between Brazil and Argentina. I think President Figueiredo's visit could represent a unifying link.

The visit will be the logical outcome of a series of important agreements in which we have been pleased to participate in the past, starting with the treaties signed on the use of border waterways.

[Question] What agreements are likely to be signed during this visit?

[Answer] An accord always presupposes a willingness on both sides, and I can only speak for one of the parties here. A bit of caution and courtesy prevents me from anticipating, but we hope that when the two parties meet, we will arrive at various agreements.

[Question] Are there affinities and common viewpoints between the current political regimes in Brazil and Argentina?

[Answer] You are asking me to conduct an exercise in comparative government. Without offering a simplistic analysis, however, I do believe there is a great similarity in the origins of the two regimes. In both cases, the armed forces assumed political power in order to contend with an unusually grave situation. In both cases, we are sure that after the first phase of putting things in order, both processes will lead ultimately to democracy. As I said, we cannot make a simplistic analysis here. It is not my place to judge the Brazilian process. I can tell you that Argentina began its process because of an extremely serious situation, one of chaos, a power vacuum, social disorder and direct aggression by terrorist subversives. For this reason, the Argentine armed forces assumed political power and set goals which would in due time lead to true democracy. It is a long way from the beginning to the end of this road, and we have only been traveling on it for 4 years now. Today we have order; we have peace, progress, action and a firm determination to arrive at democracy by introducing this democratic dialog, through which we seek to find the best solution for the country.

[Question] Do you think nuclear collaboration between the two countries is feasible and suitable?

[Answer] Yes. As you know, Argentina has been working on a nuclear research program for 30 years. During these 30 years we have given more than eloquent proof of our wish to use nuclear power for peaceful ends; more specifically, for the production of energy, strictly speaking, for medicine, and so on, always for the benefit of man, to achieve greater physical and material development for mankind. Since this is our purpose in nuclear development, we can see no reason why it cannot be conducted together with all countries which, like ours, want to use nuclear energy for peaceful purposes. For our part, Argentina has already clearly indicated that it wishes to share its technological advances with other brother countries of Latin America, and is prepared to make its technology available to anyone who wants to share in the goals of the program.

[Question] Could the pressures against the nuclear agreements further unite Brazil and Argentina?

[Answer] There is an old axiom, according to which there is strength in union. I believe that, in view of our two countries' legitimate right to develop their technology--as I said--for peaceful purposes, any obstacle interposed to impede our plan would be reason for our two nations to join forces to remove such an obstacle and to promote our nuclear development.

[Question] Argentina has complained about the "dumping" of Brazilian exports. Could this create a problem between the two countries?

[Answer] I cannot guarantee that these complaints are based on fact. I can only say that all the claims about "dumping" are being investigated by teams of our Economic Ministry, and only if the "dumping" is verified will the problem be presented. These complaints are under study, and at this point are only accusations.

[Question] Do you feel the Corpus issue has been fully resolved?

[Answer] Absolutely.

[Question] How is Argentina's fight against inflation coming along?

[Answer] Inflation was one of the economic phenomena presented to us when we took over the government. I recall that in March 1976 our monthly rate of inflation was from 52 to 54 percent. If we had not taken the recommended preventive measures, our inflation would have gone into 4 digits. We applied a series of measures that limited inflation to an annual rate of 150 percent, which did not satisfy us. We made a great effort last year, and at the beginning of this year we arrived at the conclusion that inflation was on a downhill path. Now, we are beginning to be satisfied. In effect, there were two paths to follow in fighting inflation: the drastic and immediate cure, at a high social cost; and the slow, difficult cure, at a reduced social cost. We chose the latter difficult path, and today the declining trend in the inflation rate is wed to a situation of full employment. Argentina's rate of unemployment is currently 1.8 percent, almost a world record.

[Question] What are the major problems your government is facing at this time?

[Answer] In answering your question, I would divide it into two areas: foreign and domestic. In the foreign area, we are confronted with the campaign of defamation which Argentina has suffered as part of the subversive terrorist plan to alienate us from the bloc of friendly nations. Although the campaign has already passed the most virulent stage, it has produced some manifestations that are gradually diminishing. Domestically, the most difficult problem was to exchange a speculative economy for an economy of production, experiencing an hour of truth that was truly painful. Our efforts have produced concrete successes. Our monetary reserve is the largest in our history, our productive park is in full development, we are avoiding unemployment and real wages are sufficient to meet the needs of the workers. All that remains is the problem of inflation, and we expect to launch a major attack this year.

[Question] What were the causes and consequences of the recent banking problem in Argentina, with the state intervention in four banks?

[Answer] This question is somewhat relevant to what I mentioned earlier, about the difficulty of turning a speculative economy into a productive economy, a state controlled economy into a free and open economy. But freedom in turn presupposes responsibility. It is the risk and the price we must pay for freedom. In this case, some sectors abused this freedom. There was not only abuse but irresponsibility. Hence the Argentine Government has determined to punish those who did not know how to use this freedom responsibly.

[Question] Do you believe the terrorist threat has been definitively eliminated in Argentina?

[Answer] This question calls for an explanation. We say that armed terrorism was eliminated in a victory won by the armed forces with the aid of the population. Our people did not let themselves be seduced by the suggestive proposals of the subversives. From this standpoint, the threat has been exorcised. We should say, however, that the war against subversion is not ended because it goes beyond our borders. We need only read the headlines in the daily papers to be convinced that the terrorist phenomenon is a worldwide reality, and Argentina is not exempted. Some vestiges of subversion appeared at the end of last year, as if the terrorists wanted to give the appearance of surviving after their military defeat.

[Question] We would like you to offer some final words for the Brazilian people through MANCHETE.

[Answer] With great pleasure. I am grateful for the chance you offer me. The president of the Federated Republic of Brazil, the government and the Brazilian people are something more than a simple geographic reality as far as Argentina is concerned. Brazil is a great political, economic, cultural, scientific and technological reality, and there are a wealth of ways it can express itself to Argentina, which is also an important reality. We could unite around common points to advance together and benefit our respective peoples. Thus the visit of General Figueiredo, Brazil's president, is a benchmark. It is our warmest wish that his visit will enable us to fulfill this sense of bilateral integration, but also to broaden it regionally to include our other American brothers.

In the hope that this will be the case, I would like to send my warmest greetings to the government and people of Brazil. I am certain that the government and people of Argentina are eagerly and warmly awaiting President Figueiredo's visit.

UNSETTLED ARGENTINE-BRAZILIAN ISSUES EXAMINED

Argentine-Brazilian Cooperation Discussed

Buenos Aires ULTIMA CLAVE in Spanish 22 Apr 80 pp 6-475, 7-475, 8-475

[Excerpts] Argentina and Brazil: New Approaches

Economic indicators over the last decade have obviously shown a marked upswing by Brazil in industrial development. Its enormous energy vulnerabilities and still widespread social shortcomings notwithstanding, generally accepted guidelines indicate that our neighbor has taken all towards a higher level of development.

We can also see that relations between Argentina and Brazil have been marked by confrontation and rivalry ever since colonial times. The infrequent periods of cooperation that history offers resulted in even stronger and more clear-cut opposition than before. History and geopolitics have combined to keep the two countries in a permanent state of tension, which we should perhaps take another look at in order to better understand the era that we are now in.

As far as our foreign policy has been concerned, relations with Brazil have always been of special significance, not only because of our proximity but also because dealings with Brazil have involved relations with Bolivia, Paraguay and Uruguay in a not too deeply veiled fashion. Even our interaction with Chile and Peru has been influenced by the vicissitudes of this special relationship.

Today, Argentina has altered the terms of the battle for leadership on the subcontinent. The steady withdrawals from the Upper Parana and the gradual loss of influence on the countries of the Andean Pact have paved the way for Itamaraty to develop the expansionary guidelines that have always marked the regional policies of the homeland of the Baron of Rio Branco (Jose Maria de Silva Paranhos).

Frames of Reference

It is a well-known fact that one of the aims of the now tattered Trilateral policy towards Latin America was to balance out (or systematically redefine) the relationship between Argentina and Brazil as a means of consolidating the stability of a region that has been subjected to strong jolts and in which the specter of nuclear proliferation has kept State Department strategists awake at night.

From the standpoint of international economic planning, it was quite illogical for two integrated iron and steel industries, two automotive centers, two electronics industries and, seemingly, two independent nuclear programs to coexist and compete in this area.

The entire economic history of the post-war period on the subcontinent has been marked by the overlapping of these industrial developments and the obvious political confrontations that they have entailed. The actual prospects of complementing development programs through bilateral, equitable negotiations regarding spheres of influence and investment targets, were eclipsed by Argentina's disorderly pattern of growth and Brazil's urgent need to move forward in several spheres at once. This might be an uncouth form of development, but it is perhaps the only effective one, given the objective conditions in which Brazilian society was unfolding.

Thus, the Brazilian program begun in 1964 has been remarkably consistent over a decade and a half. While Argentina fluctuated between radical populism, Krigerian stabilization, Peronist populism and Martinez de Hoz's comprehensive revisionism, the Brazilians' responsible pragmatism pursued a steady course under Campos, Netto, Simonsen and Golbery, with the latter delineating the geopolitical framework in which the economic recipes of the former three were to be followed.

One of the most obvious changes that Martinez de Hoz's economic policy aims at is to have the country specialize in three major lines: foodstuffs, energy and mining. Really major gains have not been made in any of these three over the last 4 years, but the necessary steps have been taken to clear the way. The economic open-door policy and the resulting elimination of industries that relied on protectionist barriers have been the outstanding factors on this course. But domestic businesses are not the only ones being forced to overhaul their operations. The same applies to multinational corporations such as General Motors, Chrysler, Olivetti, Fiat, Bunge, Born and so many others (some are pulling out and going home; others are heading for Brazil).

In reality, most of the multinationals have decided to turn to Brazil, where there has been very heavy investment, although successful

results must be guaranteed for such investment given the country's almost \$60 billion foreign debt.

By the same token, Argentina's domestic market cannot be supplied, either exclusively or principally, by domestic industry. Brazil offers lower costs, a better designed economy of scale and has a pressing need to boost exports to balance off the awful energy-related deficit that it suffers from. Volkswagen is the first example of its move to grab portions of the Argentine market.

Nevertheless, the problem actually comes down to these as yet unposed questions: Are we sure that we can survive with our exports of grains, meat, natural gas and petroleum? Will we exponentially increase our food production? When? Based on what incentives will the agricultural sector soar above our historic output averages? Will the indispensable oil investments be made to turn us into an exporting country? Is Exxon coming to Tierra del Fuego with the much-talked-about \$5 billion?

Dr Martinez de Hoz has done a thorough cleanup operation. The weeds have been eradicated. It remains to be seen whether the planting will be done just as carefully and whether the harvest is commensurate with the efforts put forth.

Waiting for Figueiredo

In spite of its domestic political rumblings, Brazil intends to drastically boost its exports in 1980. Thirty-three Itamaraty officials arrived in Buenos Aires on the 13th to oil all of the machinery so that Figueiredo can proceed without risk when he arrives here in May. Those who were in contact with the preparatory mission were quickly able to ascertain that "intensified trade" is Brazil's top priority in the upcoming meeting.

In his talks with businessmen in Rio de Janeiro, Martinez de Hoz was perhaps able to dispel the last remnants of mistrust still stirring in the minds of Brazilians, who are logically not used to the kind of sudden change in politico-economic front that Argentina made since the settlement of the Corpus-Itaipu question on terms that were remarkably in keeping with Brazil's ambitions.

After mentioning the inanity of the grain embargo that the United States has declared against the USSR, the Argentine minister spoke of the current economic program's "continuity as guaranteed" by the "unanimity of the Armed Forces." He dismissed allegations of financial breakdowns resulting from the bankruptcy of the Banco de Intercambio Regional, which he described as an example of "strict observance of the law."

Having set forth these guidelines, Martinez de Hoz was able to speak at greater length on the issue of restructuring LAFTA. In this regard, there was agreement that if difficulties arise, the issue will be taken care of through bilateral Argentine-Brazilian arrangements that would provide for allocations by sector and geographic area in order to make regional economic relations both manageable and stable. The strange thing about the entire operation undertaken by the Economy Ministry in Rio was that the basic points in Martinez de Hoz's official talks slipped out during his meetings with the 150 Argentine businessmen who attended the IDB gathering and to whom he practically "drew the line." The topic of his talk with these businessmen was "the government's philosophy in case foreigners ask you." The site was the Hotel Nacional. Perhaps the first upshot of Martinez de Hoz's efforts was the visit to Buenos Aires by Tulio de Lamartine, the executive secretary of the Industrial Development Council of Brazil, which is interested in substantially expanding sales of Brazilian car parts on the Argentine market.

In speaking to the IDB assembly, Martinez de Hoz again reaffirmed the continuity of the current economic program beyond 1981. He then mentioned the four positive factors that the Argentine economy, in his judgment, possesses: slow population growth, self-sufficiency in and exports of food, abundant energy resources and a sound and strengthened foreign sector.

Martinez de Hoz was with Figueiredo on the 16th. Attending their meeting was the czar of the Brazilian economy, Delfim Netto. At their "working luncheon" they spoke of the two countries' trade future and of how Argentina could help to reduce the idle capacity of Brazilian industry. Very well-informed observers were saying in Rio de Janeiro that Netto's men are the ones who are most interested in pushing contacts and agreements with Argentina, inasmuch as the Brazilian economy is on a far from auspicious course.

The remaining unknown quantity is what the compensation will be for establishing a partnership that for the time being apparently benefits mainly the Brazilians. The word "reciprocity" still holds unrevealed promises.

Prospects, Options Reviewed

Buenos Aires CONVICCION in Spanish 25 Apr 80 p 5

[Article by Roberto Mardaraz]

[Text] Relations between Brazil and Argentina are unusually intense at the moment. Feverish contacts among high-level officials from the two countries are the bold features of an uncommon situation.

The press and various arms of government have indicated that work is proceeding on aeronautical cooperation agreements, a major project for joint gains in communications, the possible elimination of double taxation of goods to permit trade integration, and the revitalization of LAFTA, among others.

A future nuclear agreement is one of the highlights, as it would not only be a landmark in relations between the signatory nations but would also spell the emergence of a major new force in the select world of high-level nuclear technology, with all of the connotations that this entails.

In the field of aeronautics, there are a number of projects at an advanced stage of study, among them the construction of aircraft (two subsonic jets, one fighter plane and one 45-man capacity military transport plane), and indications are that after Brigadier Gen Omar Graffigna's visit to Brazil, joint construction agreements could be signed on the occasion of President Joao Figueiredo's visit to Argentina.

The agenda for the talks between the two presidents also includes a plan to jointly orbit a satellite that both countries could use and that would furnish 10 channels with 1,000 simultaneous conversations. This clearly illustrates the potential of an open cultural and informational exchange between the two countries through the mass media and the phone lines, in addition to the well-known benefits that satellites provide for aircraft navigation, weather forecasting, atmospheric studies, etc.

Trade between Brazil and Argentina currently totals some \$1.5 billion a year, a sizable sum, but relatively speaking, it means less to Brazil because of the sharp rise in its production rates and the overall handling of its developing economy.

An Open Economy and Protectionism

The Brazilian members of CEBAC [Special Brazilian-Argentine Coordination Commission] are interested in a spectacular increase in industrial goods exports to Argentina, but there are a number of difficulties in realizing their desires. While Argentina is trying out an open-door economy (with tariff cuts that promote imports), Brazil's domestic industrial expansion, along with the problems of unbalanced payments because of rising prices for critical imports, has given rise to protectionist measures designed to discourage imports, such as the required 80 percent deposit on the value of goods crossing the border.

During the first 7 years of the 1970's, Brazil demonstrated an overwhelming development capacity in this area. Its foreign sales rose from \$581 million to \$4 billion. During the same period, in contrast, the increase for Argentina was from \$418 million to \$1 billion.

Because of its relatively much higher rate of growth in industrial exports, Brazil is operating on a larger scale, and therefore the agreements on quantitatively similar trade figures actually entail a tangible but not decisive increase for Brazil. To Argentina's domestic market and industry, however, they represent a flood that would swamp its consumption capacity and industry.

Brazilian exports of electric appliances and housewares already dominate the Latin American market, having displaced other South American suppliers.

Trade Options

As far as trade alone is concerned, things are not going to be easy if equal benefits are the goal.

In Brazil, various leadership circles with ties to business are speculating on two options: a) the two powerful countries in the River Plate Basin could integrate their economies, with one of them (Brazil) assuming the role of industrial power and the other (Argentina) the role of an agricultural and livestock power; b) aside from minor differences as to areas, the industrial and technological growth of Brazil and Argentina is similar, and therefore they ought to work out methods and guidelines for achieving real integration and for participating as partners in the competitive struggle for world markets with other developed countries.

Both options are, to an extent, logical and reasonable, depending on the standpoint of interests from which they are viewed. Nevertheless, there are difficulties in reconciling either of the speculations with the facts.

Option a) makes Argentina an exporter of raw materials, and needless to say, raw materials prices have been on a constant decline while prices of industrial goods have steadily risen over the last few decades of world trade. This sort of integration could force Argentina to soak up much of Brazil's balance of payments deficit.

As far as option b) is concerned, the figures show that at present Argentina can match Brazil's industrial output levels in very few categories. An imbalanced integration would mean an agreement with a senior and a junior partner, with all of its foreseeable negative consequences.

The political power that the Andean Bloc nations are acquiring (and some of its members are far behind Brazil and Argentina as far as their economies, finances and technologies are concerned) illustrates how lasting unions give rise to new equilibriums that then enter the realm of geopolitics.

Brazil and Argentina are potentially strong enough to have input in the decisions that guide the world, from a Latin American viewpoint and as developing nations.

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CBO: 3010

PROTEST LODGED OVER DETENTION OF ECUADOREANS IN PERU

Quito EL COMERCIO in Spanish 7 May 80 p A-16

[Text] The Federation of Chambers of Industry of Ecuador has lodged a protest with the Peruvian Foreign Ministry over the "rash attitude of the Talara port authorities in the capture of four Ecuadorean fishermen."

On behalf of the Federation, its president, Romulo Lopez Sabando, sent a letter to the Peruvian Foreign Ministry lamenting the fact that certain circumstantial factors of a natural origin, such as the action of undersea currents, were not taken into account. In addition, he said, authorities disregarded a ruling emanating from international treaties that authorizes vessels to navigate up to 10 miles inside the limits of territorial waters. "Our country has been respecting this agreement with vessels of other nationalities and has taken no sanctions against them for the reasons cited."

Romulo made it clear that the Federation does not wish to uphold actions that violate the law, much less actions relating to the sovereignty of other countries, but noted "the rash attitude of the Talara port authorities, who, without considering the procedures prescribed in these agreements, also failed to recognize the acts of reciprocity shown by Ecuadorean authorities in similar cases."

Lopez indicated to the Peruvian foreign minister that one of the vessels that was sanctioned as a simple precautionary measure had even applied for a fishing permit, which "was about to be issued and delivered to the ship's owners at the moment of its capture."

The Federation hopes that an understanding of this problem at the highest level and the sensitivity of the Peruvian government "will help to prevent a recurrence in the future of this kind of annoying incident which hinders good relations and reciprocal agreements between our respective countries, thus safeguarding the political and economic relations of both governments."

The letter was sent by Lopez to the Peruvian foreign minister on 17 April but was only recently disclosed to the press.

SOCIALIST PARTY YOUTH REPRESENTATIVES ORGANIZE IN SOUTHERN CONE

Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Mar 80 p 4

[Text] Porto Alegre--Representatives of youth groups from the Socialist Parties of Brazil, Argentina and Paraguay which late this week are sponsoring a meeting at the Legislative Assembly, set up a commission with members of all Southern Cone countries to "denounce and expose every attack on human and civil rights" and sponsor campaigns supporting national sovereignty, democratization and the defense of basic economic resources.

In the document published yesterday after the meeting, they stated that "despite differences in social training," the Southern Cone countries have "a common enemy--imperialism, whose objective is to increase exploitation and dependence; it is allied to minority, privileged sectors in each country, with a common instrument, militarism, and with a similar institutional expression--antidemocratic, dictatorial governments elected by representatives of antinational interests."

According to the socialists, "this policy destroys nations and makes us determined to fight it by strengthening the constituent elements of nationalism." They proposed defending "national sovereignty which means each country could truly, freely and sovereignly determine the policies necessary to develop its material and human resources, the basic economic resources so they will not be used as an instrument against national interests; complete democracy, vigilance for the republican principles of government, with all political parties functioning fully and with broadly organized, free trade union and vocational associations."

They emphasized the need to achieve "a just distribution of wealth, for the people's well-being, which is expressed in health, food, education, culture and housing statistics and equal opportunity for all. This means political, economic and social democracy, on the definitive path to liberation through socialism."

Although youth movement representatives from the Socialist parties of all Southern Cone countries were expected, the Uruguayans, Bolivians and Chileans decided not to participate for "security reasons," according to

Calino Pacheco, of the PTB [Brazilian Labor Party] Association of Studies and Debates which sponsored the meeting.

Emphasizing that individuals from the security organizations were prowling around the Legislative Assembly during the debates, photographing the participants entering and leaving the building, he stated that "the arrest of Universindo Diaz and Lilian Celiberti, through a joint Brazilian-Uruguayan operation, is very much with us. The Uruguayan representatives are in exile in Venezuela and the Chileans, in Paris. Who will guarantee their security in Porto Alegre?"

In addition to leftwing and Paranaese laborites, members of the youth groups of the Popular Socialist Party of Argentina and the Febrerista Party of Paraguay also took part in the meeting. They decided, according to the document published yesterday, to schedule another meeting for 9 July at a place to be designated and "appealed for a promise of full participation of all organizations," in order, among other things, to discuss the tasks of the coordinating committee to be set up for campaigns "calling for the release and the physical and moral safety of all political prisoners, expressing solidarity with the peoples of America struggling for their complete liberation and saluting the recent people's triumph in the Nicaraguan revolution."

9479

CSO: 3001

ECUADOREAN TORTURED BY PERUVIAN ARMY

Quito EL COMERCIO in Spanish 12 Apr 80 p A-16

[Text] An Ecuadorean visiting Aguas Verdes, Peru in order to buy a few personal articles was barbarically mistreated by Peruvian Army personnel who arrested him as if he were a member of the Ecuadorean Army intelligence service and put him through a cruel ordeal for 5 days and then made him fair game in a chase, from which he was able to escape miraculously thanks to the fortunate presence of hawkers and vendors on the border, according to his report.

Vicente Elias Puertas Citelly, of Quito, now residing in Loja province, 35 years of age, reported to the province immigration director in El Oro that on Saturday 29 March, after stopping in the border town of Huaquillas, he entered Peruvian territory at Aguas Verdes, and was arrested after a few minutes by men in civilian clothes who said they were members of the Peruvian Army. These men asked him to come along and answer a few questions, which Puertas agreed willingly to do, with no idea of what awaited him.

Blindfolded

Puertas added that then he was booked, relieved of his identification and various items he was carrying, blindfolded and taken to an unknown place where later he underwent a series of interrogations and tortures over five days, at the end of which time, since the Peruvians had decided the results of the interrogations had been unsatisfactory, he was told he was free to leave. When he left, however, he was set upon and escaped only by mingling with the great number of vendors and shoppers who go there daily until he was able to cross the bridge and reach Peruvian territory.

Repeated Incidents

Police Major Arias Mino, chief of the Huaquillas rural unit No. 3 of El Oro and immigration chief Capt Oswaldo Paredes remarked that the case of Mr Puertas Citelly is but another in a series of actions committed by Peruvian

authorities against Ecuadoreans who enter Peru as tourists. They added that there is a never-ending list of Ecuadoreans who are fleeced, robbed, mistreated and tortured by border authorities of Ecuador's southern neighbor. They stated that this cannot continue; they intend to report the problem to their superiors so that this improper activity may be known to the foreign office and dealt with at that level.

11,989

CSO: 3010

ARGENTINA TO PURSUE HARD LINE COURSE IN BEAGLE MEDIATION

Buenos Aires LA NACION in Spanish 10 May 80 p 9

[Article by Bonifacio del Carril: "The Limits of the Mediation"]

[Text] The negotiations at the Vatican have been proceeding slowly, as was to be expected. However, the time for the critical decisions, that is, the confrontation between the parties' respective positions on the issue of sovereignty over the waters and the islands, which is the essential and critical point, will inevitably have to come, sooner or later. Hence, it is fitting to dispel some of the ambiguity that has been created regarding one very important aspect of the matter. I am referring specifically to the limits of the mediation.

When Argentina and Chile requested the Holy Father's intervention in January 1979, the difference between arbitration and mediation was clearly explained. In arbitration, the parties submit their differences for the decision of a judge (arbiter) chosen by themselves, to whom they grant the necessary "imperium" [judicial authority] to make a judgment. Except in a case of resulting nullity, the arbiter's decision is binding, and generally unappealable. Hence, submitting a territorial dispute for the decision of an arbiter always entails a real declining of sovereignty. In mediation, on the other hand, the parties do not submit anything to the jurisdiction of the mediator, who does not have it, nor does it have the authority or power to judge. As has been constantly reiterated, the mediator is a friend who advises, guides, suggests and attempts to bring the parties into agreement, but does not force them. The parties may refuse to accept the mediator's suggestions, and withdraw from the mediation, if they so desire.

When these definitions are taken literally, the freedom of action of the parties to the mediation and of the mediator would appear to be absolute. But, in actual fact, this is not entirely so. All mediation is, in fact, determined by the individual circumstances surrounding the case that has prompted it. The limits of the mediation, both for the parties and for the mediator itself, stem from them. It would be unnecessary to use compelling arguments to prove this. The concrete instance of the papal mediation in the boundary dispute between Argentina and Chile clearly illustrates it.

A Worthy and Charitable Solution

Argentina and Chile did not request the mediator's intervention as a spontaneous, isolated act in the debate concerning their territorial differences. They did so after long, unpleasant, negative bilateral negotiations, the failure of which was about to lead the two countries into war. And they did so with the clearcut aim of trying to reach, by another path, an agreement which they had been unable to achieve in the bilateral negotiations. Hence it is obvious that, in seeking the Holy Father's intervention, both parties, Argentina and Chile, pledged to try to devise a means of solution that was worthy and equitable, but necessarily different from the positions that each party had upheld in the previous negotiations. Because if, in the mediation, the parties were to confine themselves to maintaining their opposing viewpoints 100 percent unchanged, there is not the slightest doubt that the mediation could only reproduce the impasse of the bilateral negotiations. There are some who believe that the mediator's mission consists of convincing the Chileans that Argentina is completely in the right, and Chile not at all; and, conversely, there are some who believe that the Holy Father should convince Argentina that it is not at all in the right, and that Chile is completely so. Both pretensions are equally erroneous. They are at odds with the character, the purposes and the mere common sense that should prevail in the mediation.

It goes without saying that the solution must, therefore, in addition to being different, be transnational; in other words, accompanied by a reciprocal, compensatory waiver of rights. Because, since the parties put forth the maximum of their respective demands in the bilateral negotiations, demands which proved to be totally incompatible, it is obvious that agreement can be achieved only through a reduction to some extent in the respective claims; a waiver that must be reciprocal and compensatory, so that it will be truly transnational.

These are the limits imposed on the mediation by the parties themselves, as a logical and unavoidable result of the bilateral negotiations which preceded it. Although they were not expressly established in the Agreement of Montevideo, they must be considered implicitly included in its provisions, which otherwise would not make sense. For it is inconceivable that two reliable, important and responsible countries such as Argentina and Chile should request the intervention of the most illustrious personage in Christendom to resolve their differences, and then confine themselves to repeating to the Holy Father the same futile discussion which caused the failure of the previous negotiations. Hence, we are not discussing obligations, because there are none in the mediation, but rather commitments, which the two concerned nations have assumed to the Holy Father.

The Holy Father

The limits of the mediation, set in this way, also indicate the limits of the area in which the mediator acts. The Holy Father may propose and advise all the means of solution that his august imagination suggests to him,

except allowing one party to impose 100 percent of its demands on the other. The means that the Holy Father may propose should obviously be transnational as well. In this regard, it should be pointed out that, although the task of the mediator and his representatives is to try to have the parties themselves devise the means of solution, it might well happen that, even if the parties have decided to accept it in the long run, they may not wish to state this unilaterally or prematurely. In such an instance, the mediator must specifically propose the means of solution which the parties may accept or modify, and only reject if it proves irremediably unacceptable.

Does this mean that Argentina's position with respect to the mediator will be weakened? Quite the contrary. Argentina will strengthen its position and make it more effective if it explains to the mediator with the proper clarity that it will in no instance accept a reduction in even one iota of its rights if Chile does not waive those which it is trying to allege, in a reciprocal and compensatory manner. This is the essential requirement for the transaction and for any possible means of solution.

2909

CSO: 3010

ARGENTINE-BRAZILIAN ECONOMIC ACCORDS TERMED PROPITIOUS

Buenos Aires CONVICCION in Spanish 18 May 80 p 14

[Article by Guillermo Perez: "The Argentine-Brazilian 'New Deal' Will Only Take Place in Time"]

[Text] The results of the visit paid to Argentina by the president of Brazil, Gen Joao Baptista Figueiredo, have left a positive effect in the economic area; a positive effect that does not consist exclusively of the agreements that were signed (which were perhaps not so numerous as previously anticipated); but rather of the intention to cooperate in major areas of the economy of both countries.

Little can be added to the accords for linking of infrastructures which the respective foreign ministers signed. The interconnection of the electrical systems in some border areas, the decision to make joint use of the Uruguay River's resources and the international bridge that will join both banks of the Iguazu River are extremely useful and undeferrable factors in the cooperation between two countries which will offer a smooth commercial and tourist exchange.

However, it is not these accords which determine the success or failure of this official visit. Not to sign them, in a world which is becoming integrated at supersonic speed, would have been suicidal. What determines the success or failure of the negotiations is the firm decision to cooperate in the productive area. Obviously, in this case, the good intentions that have been proclaimed do not suffice for the success that will only be achieved when those intentions become converted into realities. And the latter can only be achieved in time.

Nevertheless, the decision of both presidents to proclaim the inadequacy of the Latin American Free Trade Association's [LAFTA] present legal structure and "modus operandi" in increasing the commercial exchange and lifting the customs barriers among the countries comprising it has established a more than sufficient framework which warrants the claim that the desire for cooperation and integration will not die in a statement.

It so happens that the present structure of LAFTA calls for the elimination of the customs barriers (or a reduction in tariffs), thorough multilateral mechanisms for agreement accepted by all its members. That system cannot help but end in failure, in view of its obstacles.

On the other hand, Argentina and Brazil advocate a reform of the LAFTA mechanisms, by means of bilateral accords among its member nations, a quicker and more efficient way of achieving economic integration.

It should be stressed that both presidents agreed to lend their support to the Latin American Economic System (SELA), a system of consultations among the countries, which can act as a bridge for reaching the aforementioned bilateral accords.

Hence, this backing for SELA and call for reform of LAFTA represent a clear indication of the desire of the governments of both countries to intensify the integration between the two.

We should add to this the sizable delegation of Brazilian businessmen who arrived, accompanying President Figueiredo, dividing themselves into sectorial task forces so as to hold dialog and create initiatives with their Argentine colleagues.

There is no doubt that a proclamation of integration would not move 200 businessmen from a similar number of top-ranking plants from one country to another. A move of such magnitude is prompted by a strong desire to transcend the proclamation stage.

To be sure, everything is not rosy. Some of the sectorial groups which worked failed to go beyond the aforementioned protocol record of exchange of information as a final result of their talks.

On the other hand, in other sectors, such as telecommunications, communications, aerospace industry, maritime transportation, freightage in general, petroleum and by-products and forestation, the results of the deliberations demarcated the areas in which cooperation is not only possible, but necessary in the immediate future.

A separate paragraph should be devoted to the decision of both governments to encourage business firms in both countries to explore and exploit petroleum in both countries, depending on the legislation that is in effect in each one. As for gas, which was already sold in the previous documents, it has not been sold, but there is a likelihood that it will be.

To summarize, there was a suitable rapprochement.

2909

CSO: 3010

YACYRETA TO BEGIN OPERATIONS IN 1986

Buenos Aires CLARIN in Spanish 24 Apr 80 p 7

[Text] Posadas--According to the report which the executive director of the Yacyreta binational entity, Jorge Pedoraro, submitted yesterday morning to President Videla and the members of his party, the first turbine at Yacyreta will go into operation in 1986, while the total cost estimated for the project at 1977 dollar prices currently amounts to \$7.119 billion in that currency.

The speaker began by stating that, when the 30 planned turbines have been installed, production will total 17,500 GW per year, six times more than that of El Chocón, and more than the Aswan dam in Egypt, which generates 10,000 GW.

Yacyreta is an island, and hence two water straits will have to be cut off, the main one on the Argentine side, and the Ana-cua strait in Paraguay.

The navigation lock will be located in the Corrientes section, and will allow for the passage of ships. Owing to its location, it will be one of the first constructions. Its measurements will allow for the passage of barge equipment that will make it possible to carry Argentine and Paraguayan products to the Plate River. In its upper part, it will have a highway lift bridge, which will add to the routes crossing the Parana.

The spillway section will make it possible, if it is deemed necessary, to install at least 10 more turbines than those called for; and the bulkhead will be the largest of its kind in the world, because it will be built with loose compacted material from the site. The Yacyreta powerplant will serve as a base or semibase plant, as Pegoraro disclosed.

As for the costs, he indicated that that have been estimated in 1977 dollars, because in that year the first financial calculations were made, to seek credit backing from the Inter-American Development Bank (IDB) and the World Bank. He said that, at that time, the immediate cash price of the project was \$2.706 billion, with interest totaling \$5,612.

Pegoraro remarked that it must be realized that the first turbine will start its production in 1986, which will represent revenue from the sale of electricity. This and the amortization on the shorter and first investments will affect the total cost, which will nevertheless continue to rise, owing to the results of monetary inflation. He said that, at the present time, the cost has already reached \$7.119 billion, in 1977 dollars.

2909

CSO: 3010

ARGENTINE WHEAT SALES TO BRAZIL BELOW MARKET PRICES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 May 80 p 7

[Text] Buenos Aires--Argentina is willing to sell up to 7 million tons of wheat to Brazil at prices lower than those on the international market. This disclosure was made by the vice-chairman of the National Grain Board of Argentina, Alejandro Ayersa, who, in an exclusive interview with O ESTADO, gave assurance that his country has sufficient supplies to export 4 million tons to Brazil, which could amount to 7 million with an increase in the harvest and greater market incentives. At the present time, the Argentines are selling 1 million tons of the product to Brazil; and, according to Ayersa, it is in the interest of both countries to increase the volume in the negotiations, "because we are complementary in this sector: Brazil has a wheat shortage, and we now have a supply of 4 million tons for export, a sufficient volume to meet all of Brazil's domestic consumption needs."

The director of the Board explained that the Argentine Government has already expressed its interest in increasing its sales to Brazil, and "this increase is logical, because the two countries are very close, and the freight charges will prove to be much lower."

Since the Argentine prices are lower than those for the North American product, the proposal made by the leaders in Buenos Aires is to share the benefits of the geographical proximity and, as a result, lower freight charges. If the Argentine wheat goes on sale to Brazil \$7.00 cheaper than on the international market, the goal is to export to Brazil at a price \$3.50 higher; and the Brazilians, in turn, would also save \$3.50 from not having to resort to the North American market, for example. Buenos Aires' plan is to divide or share the benefits of the proximity of the two countries. Alejandro Ayersa explained that Brazil and Argentina could achieve a mechanism for the payment of freightage that would prove capable of improving the present system, because the ships would no longer pay a higher price for the stay in ports; a factor which previously raised the cost of transportation and had a direct effect on the final cost of the exported product. With this obstacle surmounted, the wheat sales to Brazil would increase. Ayersa said: "It is more reasonable, for the purpose of benefiting from the increase in exports, to offer opportunities for a change in the freight charges of the conference

in either an upward or a downward direction, in direct relationship with the variation on the international market, so as not to entail detriment."

According to Argentine business sources, Brazil's requirements could amount to 7 million tons (which represents an increase of over 100 percent in comparison with the last 5 years' consumption). The Argentine producers also know that the rise in consumption is due in large measure to the subsidy given by the government, which makes the price of the product extremely low, allowing for its use to manufacture cola, or even livestock feed. One item of information which has not startled the leaders in Buenos Aires is the fact that Brazil spends nearly \$1 billion on subsidies, and only \$800 million on imports of the product.

The Contracts

The Argentines are willing to sign agreements for the sale of wheat over the long term because, according to the vice-chairman of the Grain Board, the benefits that will accrue to both countries warrant a measure of this type. However, Ayersa is opposed to the establishment of set prices in this sales agreement: "It would be necessary to set the prices on each occasion, depending on the international market; because in this way we would have the necessary flexibility with which to gear our prices to those established internationally."

Nevertheless, the Argentines are irritated at the fact that the wheat exported to Brazil often returns to the country as contraband, passing through Paraguay, or directly over the border between the two countries. In other words, the wheat is sold to Brazil and, since it left very cheap because of the subsidies, it returns to Argentina, where it is sold at a price that is still lower than that on the domestic market. The local producers also know that Brazil has not succeeded in attaining its self-sufficiency plan, and have gone so far as to say that the purchase of a large volume of the product may, over the medium term, allow for an improvement in Brazilian production, because Argentine wheat is of good quality and has a high yield. The great interest shown by the Brazilian Government in purchasing Argentine wheat is explained in Buenos Aires as a result of the policy of discouraging local production, because it is far better to import than to pay extremely high subsidies; and, owing to the facility in transportation and the availability of the product, Brazil has evinced a great interest in obtaining Argentine wheat, signing a major agreement between the two countries for long-term supplies at a fixed price.

The producers in Buenos Aires are willing to sign a long-term agreement, but they want to accrue more profits from exports to Brazil; that is, to attain a higher rate in sales, because the transportation expenses are lower. According to sources in Buenos Aires, the agreement is being studied by experts from both countries. During President Joao Figueiredo's visit to Buenos Aires the overall sales treaty will not yet be drawn up, but Brazil and Argentina are due to sign a joint document expressing their desire to extend the negotiations to include the purchase and sale of wheat.

2909

CSO: 3010

INTER-AMERICAN AFFAIRS

BRIEFS

ANTARCTIC STUDY--Argentina and Chile are among the 15 countries which opened a meeting yesterday on the subject of how to conserve the marine fauna in the Antarctic, which is the goal of a growing number of fishermen. It is anticipated that the 2-week conference will establish a means of regulating the commercial exploitation of marine life so as to prevent excessive fishing. Participating, in addition to Argentina and Chile, are Australia, Belgium, France, Japan, New Zealand, Norway, Poland, South Africa, the Soviet Union, Great Britain and the United States. Both the Federal Republic of Germany and the German Democratic Republic are attending as well. As a first step, the delegates probably approved the establishment of a committee to make a scientific study of the fish and bird life in the area. They also decided how to assess the impact of commercial fishing on food. [Text] [Buenos Aires LA OPINION in Spanish 8 May 80 p 24] 2909

CSO: 3010

PRESS, OFFICIAL PERCEPTIONS ON RELATIONS WITH BRAZIL

Alliance Deemed Essential

Buenos Aires CONVICCION in Spanish 4 May 80 p 8

[Editorial: "Argentina and Brazil: Alliance or Destruction"]

[Text] It can never be a superficial or indifferent relationship. Argentina and Brazil are geopolitically destined to become allied or to destroy each other. But, since national supremacies are losing historical ground in the current regional concepts, it is logical to assume that neither of the two countries would prove to be the winner of a violent, imperial conflict. The triumph of one nation over the other would by no means signify that the winner would be in a position to become a South American leader. What is most likely is that a third country, or a third combination of countries would enjoy the spoils of two giants exhausted by battling one another.

Argentine relations with Brazil have undergone many fluctuations. From Justo's camaraderie with Vargas to the irritating problem due to the constant peevishness of the former Brazilian foreign minister, these two great nations have not yet found the "style" that suits them for achieving a better mutual understanding; because we have evaded the fact that it is impossible to consider anything other than mutual understanding.

The visit by the president of Brazil will be a good step in this direction, because no one can question the good faith with which progress is being made in these negotiations.

None of this means that Argentina has reneged on its position to defend its cultural and economic assets (and obviously the political ones as well), and that it wants the border populations to speak Spanish rather than Portuguese. But where alliances are concerned, it is necessary to become integrated, and not separated by petty grudges. We must not forget that Brazil is maintaining an imperial geopolitics, backed by a truly professional diplomacy that is well preserved from political changes on the surface. Nor must we forget that Argentina has never learned too well what it wants in the realm of

geopolitics, and that its foreign ministry has been upset by our frequent, devastating institutional madness. We are in a losing position in the long term dialectical area, because, among other things, we shall not always have an ambassador of the caliber of our present representative in Brasilia. Dr Oscar Camilion, who will soon be giving up his embassy, is leaving a major feat accomplished. Now, it will be necessary for the two countries (not the two governments) to learn how to take advantage of the favorable circumstances and achieve genuine unity. The other alternative is unthinkable.

Differing Economic Policies Cited

Buenos Aires CONVICCION in Spanish 10 May 80 p 11

[Article by Luis Domenianni: "Only Extreme Necessity Can Make the Brazilian and Argentine Tariff Guidelines Compatible"]

[Text] What are the Brazilians coming to Argentina in search of? Agreements in the nuclear and energy areas (essentially, sales of gas), and, to a lesser degree, the food area. What does the Argentine Government want of the Brazilians? Among other things, a tariff reduction which, according to the theory of the Palace of Finance, would afford a smooth exchange of goods so as to expand the respective consumer markets in each country.

At first glance, the position of each side is very understandable. However, matters become complicated as one probes into the guidelines of the economic policy that is in effect in each country.

One often hears lately, by way of competition between those defending or participating in the economic cabinet, that it is the Brazilian Government which is refusing to reduce its tariffs (absolutely true); something which demonstrates that the so widely publicized invasion of Brazilian goods on the local market is far removed from being confirmed (not so true as the foregoing), and that, on the contrary, it is quite likely that many native industries might be willing to market products in the neighboring country (far less true so long as the exchange policy is not modified).

Still at first glance, the argument about the economic administration seems reasonable. If Argentina reduced its level of protection and Brazil has not done so, it is because the North American neighbors fear competition from Argentine products. Hence there is every indication that native production is experiencing a phase of intensification, which would make it possible to raise the economic openness to levels that were unthinkable some time ago.

Obviously, there is a large gap between words and deeds, and a mere view of the state of the country's productive apparatus proves that the intensification is rather imaginary at present.

Then what is the explanation? It is simply that the economic policy, and not the economy being conducted by both governments is merely different. Hence, what is good for one is perhaps not so good for the other.

At the beginning of their present military cycle, the Brazilians decided to carry out a liberal economic policy, accompanied by planning exercised by the all-powerful Ministry of Planning. It is something like a capitalist state control of the economy.

In that frame of mind, the government allows freedom of action to private individuals, but places emphasis on the areas of the economy which are dear to it. So the point is that, in the so-called basic industries sector, as well as in that of the processing of semidurable heavy goods (automobiles, trucks and tractors), the Brazilian Government decided to lend all its backing through government loans, tax exemptions and, essentially, a strong customs and tariff protection. The criterion used has been to develop these industries, whatever be the cost, because they are regarded as being of concern to the national security. In this connection, it is of little importance that, under the present conditions, the disproportion between internal prices that exists among the two countries is definitely favorable to the Brazilians. Things can always turn out contrary to expectations (changes of direction in Latin America happen almost every day); and what cost them so much to achieve could disintegrate when faced with an external competition accompanied by better future prices. Hence, for Brazil, the protection of its basic sectors of governmental concern is a policy that will not change from one day to the next.

In Argentina, the tariff policy is a tool of the price policy. Through foreign competition (as has been said so often in as many official speeches), an effort is being made to reduce the rate of increase in domestic prices, even at the risk of the survival of many native companies. In technical language, this is known as economic openness.

Therefore, for the Argentine Government the hypothetical invasion of the market by Brazilian products does not constitute a risk; rather, on the contrary, it is equivalent to a desired effect, because in this way domestic prices will decline (this has not yet happened despite all the tariff reductions that have been made), and the native companies which survive will be in a position to compete.

In brief, the oratorical daring of the economic group designed to sting the Brazilians is based on the contradiction that exists between the economic policies that have been chosen, and not on the possibility that the tariff agreement with Brazil will mean a future takeoff for native industry.

What could actually happen? Merely that Argentina may exchange gas and a nuclear agreement (vital to Brazil) for a tariff reduction (vital to the continuity of an economic policy concerned over inflation).

Ambassador Camilion Comments

Buenos Aires CONVICCION in Spanish 11 May 60 p 7

[Text] Yesterday, the Argentine ambassador to Brazil, Dr Oscar Camilion, in commenting on the likely continental repercussions of the nuclear agreement

to be signed between the two nations, declared: "The Latin American nations would be far more worried over a lack of nuclear communication between Argentina and Brazil." He added that a situation different from the agreement would cause so much suspicion that one might go so far as to mention the idea of an "arms race" between the two largest countries in the region.

Camilion said: "I am absolutely sure that as the nations of Latin American begin working seriously in the area of nuclear cooperation, they will subsequently tend to regionalize their efforts. So it is only natural that the countries which are most developed in the field have established a type of cooperation which is impossible to set up with others."

Camilion, who made statements to the Brazilian News Enterprise and to the UPI agency, described the agreement to be signed as a "two-way street;" in other words, he pointed out that, "There will be things going there, and vice versa."

A Political Event

In discussing the visit that Brazilian President Joao Figueiredo will be paying to Argentina between 14 and 17 May (the first in 40 years), the ambassador remarked that the Argentine Government interprets it "as a basically political event," which "will be projected in dimensions that are as yet difficult to evaluate properly."

He then explained that Figueiredo's visit "means putting an end to the anachronistic hypothesis of a constant conflict, and replacing it with the only logic of the present time: cooperation for the common welfare, not only bilateral, but regional as well. I don't think that anyone in his right mind could today question the need for political rapprochement between the two countries. As things are transpiring in the world, the least we can consider in Latin America is the elimination of artificial conflicts and the development of all the areas of cooperation that are feasible." Then Camilion cautioned: "If we want to establish a bond of a permanent nature, we must think of the long term, and not succumb to the pitfalls of current circumstances. For example, the area of trade relations is one that must be gaged with a long measure, and not merely for the purpose of doing business for today."

Economic Relations on Opposite Paths

The Argentine ambassador was then asked about the economic relations between the two countries, which are increasingly benefiting Brazil to the detriment of Argentine industry. The diplomat explained that this is not due to any particular bilateral situation, but rather is the result of the overall and opposing economic policies being pursued by the two nations.

Camilion observed: "Two opposing processes are occurring in Brazil and Argentina. In Argentina, we have decided on a policy of openness through the

management of the exchange and customs policy, to be sure, on the basis of the overall relations. In Brazil, as the problem of the balance of payments worsened, they tended to stimulate exports, particularly industrial ones, to the entire world, with subsidies or without them. Through the same door whereby products from all countries started entering Argentina, those from Brazil entered also. The latter have unquestionable advantages, not only in price, but especially from proximity."

He then recalled: "Up until 1978, Argentina exported to Brazil more manufactured products than it imported. Last year, things changed, in my opinion not because of anything inherent in the natural relations between the two countries, but rather because of the different policies that were being pursued." When asked about possible instances of dumping which facilitated the situation, Camilion remarked: "It is my impression that few genuine instances of dumping will be discovered, at least in the case of Brazil, and that the issue is far more related to the exchange and customs policy." He concluded: "Objectively, I cannot find another major explanation other than that provided by the Argentine exchange rate."

When questioned as to whether the present tendency may be irreversible, the ambassador replied: "I think that it cannot and must not be; but that has no bearing on the bilateral relations with Brazil." With regard to what has indeed determined the latter, one obvious fact is that "Brazil will not give up its policy of reserving the market for the companies established in its territory; something that is a completely explicable policy. I may be wrong, but it seems to me to be highly unlikely that Brazil will make any type of major concession concerning the sectors for which its present production or its installed production capacity can provide. This is a premise for attaining a clearcut idea of where progress can be made, and where it cannot."

Imported Cars and National Failings

In discussing the topic of the automotive industry, Camilion cited his constant opposition to the importing of finished cars from Brazil. He stressed: "In the case of cars, there will never be any reciprocity, or at least in the foreseeable future. The automobile market is a strategic area for national development, just as the foreign vehicle market is. What was being discussed represented about 10 percent of the Brazil car exports, something too significant to be conceded without a counterpart. It is quite obvious that the interests in the commercial realm will have to be balanced."

In commenting on the state of the native industry, the subject of the interview declared: "The Argentine industrial apparatus is clearly under-utilized or under-equipped, or whatever you may call it. If our country's hypothesis is that of an increase in the real income per inhabitant (and I don't see how it can be otherwise), things will have to change quickly." This, he stated in conclusion, "is reflected in the need to bear in mind the long term together with the short, and not to think of reciprocal markets as a sort of private domain, but rather of pooling efforts so that they will grow rapidly and in a balanced manner, without detriment to anyone."

Nations' Joint Assets Stressed

Buenos Aires CONVICCION in Spanish 14 May 80 p 1

[Article by Hugo Ezequiel Lezama: "Perhaps the End of a Long Mistrust"]

[Text] Possibly because its imperial past left a birthmark on its concept of geopolitics, possibly because its vast size fosters the suspicion reserved for giants, possibly because the language is similar, but not the same, possibly because its remote pagan roots keep it far removed from our cultural view of God there, in the essence of its music and the exuberance of all its sounds, possibly because of the mystery surrounding its slums and all the magic that the air of Bahia offers: possibly for all these reasons and many others, we have viewed Brazil with reservations and mistrust.

Neighbors, and on a few occasions friends, we share a border with a gentle cartography, but we are irritated by a moving, penetrating cultural border. Northeastern Argentina lies there, hemmed in by an immediate jungle, which plays in Guaraní, does business in Portuguese and laments in Spanish.

A few days ago, we said that the accelerated destiny of history will inexorably lead these two nations to become allied or to destroy each other. But no enduring alliance will be possible unless both sides cease the mistrust.

Neither country can blame the other for not being able to defend itself. Brazil has engaged in a slow, effective effort to attract people, people who live on a land, people who (apart from the foreign ministers, treaties and declarations) are those who, in the long run, will make the conceptual stipulation of the geography correct (or not). Give Brazil what is Brazil's, and Argentina what is Argentina's, and let us not reproach Brazil for progressing, without reproaching ourselves for lagging.

The empty spaces will be irrevocably occupied, and what we Argentines must learn is that the law of gravity, in politics, is not only vertical, but horizontal as well; I would almost say fundamentally horizontal. We have some very important things to discuss with Brazil. We have a 5-year headstart over it intellectually, in the atomic field. We share with them and with Uruguay the possession of the South Atlantic. We (still) have a sociological cushion called the "middle class," and that is almost always the origin of the talent, creativity and aggressiveness. They have a political organization that has historically been more stable. They have a great involvement with their country. They have shared faith, and their internal song, that song which all people have resounding in their muscles, is not a nasal whine. They have a desire to be fulfilled; and they have almost everything, except oil. We we have almost everything, except a disdain for ceremony which has usually tied our destiny to the strident biographies of peacocks.

The two of us have almost everything; between the two of us, we do have everything. But we must overcome the mutual mistrust.

Perhaps Figueiredo feels this way. That would be the beginning of a another history of mature, reasoning individuals, and not of underdeveloped profiteers.

In that case, welcome President Figueiredo!

Brazil's Energy Needs Critical

Buenos Aires CONVICCION in Spanish 14 May 80 p 10

[Article by Martin Olivera: "National Development and the Risks of Brazil's Strategic Plan"]

[Text] There is no doubt whatever that the crux of the talks, agreements and letters of intent that may result from the visit by the president of Brazil will include the energy area, wherein our regional associate's needs are crucial.

However, that pressing need on the part of Brazil is not shared by Argentina which, with its oil, gas and uranium reserves, and its internal water power potential, is assured an energy supply, at least for the next few decades.

But it has made the priorities not exactly the same; and for that very reason binational projects which might be very attractive to Brazil are not so much so to Argentina. Furthermore, they could even prove counterproductive for its geopolitical status. This holds true for the promoted Garabi hydroelectric powerplant, and the other undertakings in the Upper Uruguay.

For Brazil, the completion of that project, which will have a power of 2.2 million KW (a sixth that of Itaipu, which will be the largest in the world), would solve the energy shortages in its entire southwest region, that is, its border zone with Argentina.

This fact would give Itamaraty the opportunity to bolster its traditional policy on borders which, according to astute observers, tends to encourage the ever present expansionism of the neighboring country which, judging from what one observes in Misiones, and in northern Uruguay, is quite successful.

In brief, Garabi is a valuable energy-economic and geopolitical project; and hence it holds a privileged place on Figueiredo's agenda. Now we must find out exactly what significance the project holds for Argentina.

From a Strategic Plan to an Unplanned Strategy?

Owing to an alleged strategic plan, for many years the Argentine mesopotamian region was deferred in the plans for infrastructure, prominent among which was the road system. When this plan fell into disrepute, not long afterwards, the lag which the region was suffering from in that plan could not be changed within a short period of time.

When this, in turn, occurred, the topic of the hydroelectric dams, especially Corpus and Yacyreta, acquired great popularity. Naturally, since these dams will flood a considerable amount of land, it would be very rash to plan a new road system before the final location of the dams had been decided.

The matter is still being postponed since, in the case of Corpus, that location has not yet been determined. If one adds to this the hypothetical Garabi, road projects cannot be considered for at least another 10 years. This was admitted by President Videla himself, during his recent trip to Misiones.

In brief, with Yacyreta alone, northeastern Argentina would be half flooded, and with more than enough energy. With Corpus, it would have surplus energy, and considerable flooding. With Garabi, it would have extra energy, and the northeastern section of Misiones would be virtually isolated.

With a deficient road infrastructure, industries can hardly be established. Then of what use would that surplus energy be? The answer has the inevitable exactness of a theorem. Obviously, to be sold to Brazil.

At this point, therefore, there is a question that must be asked: It is worthwhile to flood Misiones, making it even more unprotected geopolitically, merely to sell energy to Brazil and solve its energy problems in the southwest? Even more so when one considers that, owing to a problem of Argentine empty space, Brazil is already doing a great deal culturally which has moved the border in Misiones territory. Hence, to promote (which is not the same thing as allowing) a Brazilian industrial pole on our border does not seem to be the most feasible policy.

In this regard, to avoid hurting feelings, it should be explained that this is not an a priori anti-Brazilian position against a country with which political rapprochement would be extremely helpful. It is simply a matter of citing the inequitable consequences of this project, based on the premise that a bilateral agreement should be made with equitable benefits for the two parties that sign it.

Moreover, together with the agreement to study the possibility of building Garabi, another agreement would be signed to interconnect the electrical systems, certainly to facilitate the sale of electricity to Brazil. And, in this regard, it befits us to give a little reminder.

When the heated discussions were under way on making the Corpus and Itaipu dams compatible, the defenders of the signing of the treaty with an elevation of 105 meters at Corpus (as was finally stipulated) explained that it would be impossible to optimize the span by constructing Corpus with 115 meters, because, in order to do so, it would be necessary to pay Brazil compensation with energy; and therefore it was necessary to interconnect the electrical systems.

CONVICCION, which always backed the agreement from the political standpoint, but retained misgivings about the technical aspect, accepted that explanation at the time, disregarding the fact that the energy interconnection was virtually impossible.

However, there is now talk of the electrical interconnection. Then why is the Upper Parana not being optimized, or why has it not been optimized, with a higher elevation in Corpus?

It would be interesting if this question were to be answered, or at least analyzed in government circles, before signing new agreements which may, later on, become obviously inequitable agreements for one of the parties.

Figueiredo Character, Policy Assessed

Buenos Aires CONVICCION in Spanish 14 May 80 p 24

[Article by Claudio Uriarte: "Figueiredo's Impulsiveness Finds Its Line in the Trilateral Commission"]

[Text] Immense, expansive and many-sided, the politician that exists behind the smile and the black spectacles is still an enigma to many. Happy, and feeling at ease with the personality that has been shaped arduously, Joao Baptista Figueiredo prefers to be known more for his liking for horses and his penetrating "outbursts" than for his nature as an organizer of the imbalances and breakdowns of the leading industrial power in the Southern Zone. Perhaps Brazil, with its taste for the spectacular, the colorful and the noisily triumphal, has fostered, or even empowered the development of this innocent image. Insofar as we are concerned, it should be stated that the information in his biography offers only murky clues and vague evidence to reconstruct the political personality of this paradoxically obscure and austere man, who only received the honors of the spotlight a little over 2 and a half years ago, when he started to be projected toward the presidency, after being isolated for many decades in the walled silence of intellectual endeavor and the secret service. A notable military record, as liaison agent for the plotters of 1964, chief of the Federal Intelligence Service, chief of Garrastazu Medici's military household, and chief of Geisel's National Intelligence Service: these are different intervals on the path of an individual, and functions and appointments which do not necessarily describe him. But, more than anything else, Figueiredo will go down in history as the personal condensation of a synthesis: the one which finally emerged, when the social reservations of the expansionist design of 1964 were exhausted, to govern and even dictate the transition of a growing, proliferating and imbalanced country toward a system of democracy and order.

A minimum wage of \$100 per month, a foreign debt of \$43 billion, droughts, floods and, in particular, heavy energy dependence, a few years ago marked the high points of the model that was thought up, initiated and developed

by Marshal Golbery Couto e Silva after the military revolution of 1964. The energy crisis had become the turning point in the development that was taking place; and as the process unfolded, grudges which had been repressed for a long time began to crop out, and it soon became apparent that the vast framework of the system was running the risk of becoming suspended in the vacuum, like a mere superstructure lacking bridges with the social reality.

Rough, frank (at times to the point of being unpleasant), Figueiredo, despite the ill-will that the military right wing had always harbored against him, turned out to be the man with nerves of steel that was needed to tame the imminent social storm. Booned, stoned and beaten by Sao Paulo demonstrators, he left for Brasilia proclaiming victoriously: "This is exactly what I want; this proves that democracy exists in Brazil." Incisively, and even shockingly, he admitted in Brasilia the next day: "If I were the son of a man who earned the minimum wage, I would give me a blow on the head. The strikes? What's bad about strikes? They are logical things, because the workers are earning little, and so no one wants to work. True, they harm production; nevertheless the wage-earners have a right to shout too." How can these remarks be deciphered, coming from the same president who had said: "Before thinking of voting, Brazil will have to brush its teeth." "I prefer the smell of horses to the smell of the people." One thing is sure: Only imbeciles could accuse a man who assumed the job of governing the transition toward a state of law with a foreign debt that was increasing geometrically, foreign investments that are concealing the rates of United States policy, a precipitous race by the electorate to the opposition pole and growing social upheaval, of being a demagog.

The Day That Brazil Departed From the Cold War

The system that was started in 1964 had three facets: It was developmentalist in economy, multipolar in foreign policy and anticommunist in domestic policy. The oil was dwindling, the economic structure was creaking and social stability was also tottering to the point of collapse. Brazil had grown, another country was emerging from the ruins of the previous model, and now the military had sufficient reassurance to make the system flexible. To put it differently, Figueiredo has devised the openness now because he thinks that it might be inevitable later; he granted amnesty to Prestes and Brizola so that they would be broken when confronted with the living reality.

One incident of this kind alone can, and in fact has, restated the entire system. What formerly were ironclad bases are now overall strategies faded into nuances; with the necessity of growing with order, Brazil will do anything, absolutely anything, that is necessary. It will reach an understanding with the Federal Republic of Germany, in the case of the atomic industry; but it will hold dialog with the Palestinians in order to guarantee its oil. It will establish new ties with Venezuela, but it will also increase the commercial agreements with Uruguay and Chile. At the same time, the Brazilian society will undergo deepseated changes. Anything that can be released without

danger of destabilization will be allowed; channels which remained obstructed in the past will be opened again, so that the tension will not exceed the bounds. Simultaneously, inoffensive and merely superficial excesses (scandal, democratic demonstrations, pornographic films and Marx's books) will start playing the role of a kind of catharsis; they will serve as a social exorcism of everything that would destroy the frontiers of the political openness that has been ordered. With subtle intelligence, Figueiredo will eliminate the bipartisan system. He knows that it is far easier to hold dialog with a divided opposition, free from the dynamics of a political discussion than to project it, in a destabilizing manner, into a polarization facilitated by decree. And, finally, in the geopolitical area, the instrumentation would be changed also: We need only recall the former acts of defiance of Antonio Azeredo da Silveira, to understand the kind of dynamics taking Joao Baptista Figueiredo to Buenos Aires.

The International Chessboard

A chess player, a strange mixture of political consistency and surface impulsiveness, President Figueiredo is thus taking a stand along the line of the Trilateral Commission. It may not be noted now, perhaps the ideological mark of the Carter administration is too dissociated from the image of a military government; but the fact is that, internationally, Brazil has started to play a negotiating role that is surprising when one compares it with the harsh, ultranationalist style which typified the first steps taken by Marshal Goulbery; a negotiating role which, moreover is perfectly adapted to the design proposed for Latin America by the Trilateral Commission.

Social Democratic governments and Christian Socialist governments, relations marked by interdependence and a Church that is increasingly present in the problems of the periphery: the continental bases of the Commission which has been made a myth coincide exactly with the different aspects of the relations that Brazil has been devising in Latin America, a region in which it is also still playing the role of guardian, and of a stronghold against general destabilization.

Combined with this, in the past few weeks, has been the shift that the crisis in the Persian Gulf caused in United States foreign policy: a process of weakening and loss of allies, which has forced the American power to divest itself of non-productive commitments, to make its foreign policy unilateral and to become strong in Latin America. In a regional context heated by the Nicaraguan revolution and the destabilization in El Salvador, no one can harbor any doubts that the Southern Cone has come to assume enormous importance as a source of strategic reassurance. And if one adds to this the twofold political nature of Figueiredo (on the one hand, the incarnation of the transitional process marked by openness, and on the other, leader of the industrial and military power with the greatest specific weight in the area, in short, the ally whom the United States has found just), one can observe what has been projecting itself for several years: In the hands of Figueiredo, Brazil will

be the first valid spokesman for Latin America vis-a-vis the United States Government.

And, finally, in this way, we Argentines can now decipher in the visit made by Joao Figueiredo an old enigma: what Kissinger meant when, at a ceremony marked by pomp and circumstance, he awarded to Brazil the "status" of a world power.

2909

CSO: 3010

ARGENTINA

COLUMNIST COMMENTS ON DECISION TO BOYCOTT OLYMPIC GAMES

Buenos Aires CLARIN in Spanish 9 May 80 p 4

[Article by Ricardo Kirschbaum: "An Appropriate Mechanism"?]

[Text] The decision not to take part in the Olympic Games, thus supporting the boycott being promoted by James Carter, did not take the White House Democratic administration by surprise, since it knew in advance that Argentina would not be going to Moscow.

It did surprise, however, the Soviet diplomats stationed in Buenos Aires. From what we know, they were hoping that our government would not add its name to the list of countries opposed to the Moscow games, consistent with its rejection of the grain embargo against the USSR that the United States has also been promoting.

In mid-March, Ambassador Gerald Smith, President Carter's envoy to Argentina, left the country after a series of talks with national authorities, including a lengthy conversation with President Jorge Videla. He left with the certain knowledge that Argentina would continue selling grain to the Soviet Union but that as an offsetting gesture to Washington, it would join the Olympic boycott. But it was only a promise, later reiterated through diplomatic channels. What remained unknown was when Argentina would make public its decision not to attend.

During the last round of U.S.-Argentina talks, held in Washington, Undersecretary of Foreign Relations Carlos Cavandoli had to stretch his resources to answer the insistent questioning by his American colleagues as to when Argentina's decision not to attend would be disclosed.

Cavandoli allegedly again gave assurances that Buenos Aires would go along with Washington on the boycott, although, he reportedly said, the government would reveal its position "in due time."

It is suggestive that the Argentine communique was made public just a few hours after the meeting that Martinez de Hoz had with Zbigniew Brzezinski, Carter's influential national security adviser, and with Lloyd Cutler, another presidential adviser, who is directly involved in organizing the Olympic boycott.

Although Martinez de Hoz's talk with Brzezinski dealt mainly with Argentina's sale of grains to the USSR, which the economy minister defended, we know that Carter's adviser sharply questioned Martinez de Hoz regarding the stand that our country would take on the Moscow games.

A few hours later, we should repeat, Argentina recommended that its athletes not compete. Amateur sports in Argentina obviously lacks funds of its own, and in practice this means that Argentina will not have a delegation at the Olympics.

The Argentine Government, diplomatic circles recalled last night, refused to join the grain embargo because it felt that it was not "an appropriate mechanism" for condemning the Soviet invasion of Afghanistan.

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ARGENTINA

'CLARIN' CALLS FOR MEASURES TO AVERT FUTURE FLOOD DISASTERS

Buenos Aires CLARIN in Spanish 30 Apr 80 p 8

[Editorial: "Floods Once Again"]

[Text] More than 1.1 million hectares in the province of Buenos Aires are again under water, constituting one of the biggest disasters ever to occur in the region. The damages, however, will be even greater, both in terms of weather conditions and geography. The impact will be felt even after current weather conditions change and in places near the flooded areas because of the side effects that the situation will unavoidably have on the region's economy.

The fact is that the advancing waters have altered the economic and social pattern of a huge region. The panorama encompasses flooded towns, major evacuations, power shortages, road and railway cutoffs, interruption of communications and school shutdowns. In a word, there has been an obvious deterioration of community and production potential.

The potential we are talking about is essentially agricultural and livestock, the latter being somewhat more important. In describing the zone, we need only recall that the flooded lands house between 10 and 11 million head, 1/5 of the national cattle herd.

This is not a new situation for a good number of the districts now covered by water. Floods of greater or lesser intensity occur quite often, but what does differentiate the problem this time are the conditions in which agricultural and livestock production is being carried on.

The loss of livestock and the salinization of the lands will require not only a major physical effort by producers but sizable economic investment as well. The recovery in farm production should be based on replacing the dead animals and on applying sophisticated techniques to the soils whose fertility and receptivity have been diminished by the flood waters. According to a number of estimates, the affected region's livestock production capacity has been cut 75 percent.

Under the conditions reported by growers, the outlook can be reversed only through a comprehensive utilization of the social function that loans and tax moratoriums have under such circumstances. Otherwise, the disaster will result only in recession, a population drain and dejection.

Government action must obviously focus, to begin with, on efforts to rescue the affected individuals, on reestablishing interrupted communication routes and on implementing the appropriate health measures. But this should not be an obstacle to the gradual adoption of indispensable economic measures.

Nor can the government sidestep the need for comprehensive solutions from a structural standpoint. We have more than once stressed the urgency of construction projects to curtail flooding and its catastrophic aftermath. The recurrence of this problem (the scars left by the floods of August 1978 are still with us) highlights the shortcomings in this regard.

It is true that sizable investments are needed to build an ideal run-off system (canals, dams), but they look much smaller when compared to the damages that are repeatedly caused. They would represent a small category of our infrastructure projects if our national undertakings were as wideranging as they ought to be for an advanced society with a modern economic machine.

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CSO: 3010

ARGENTINA

ESTRADA COMMENTS ON EXCHANGE RATE POLICY

Buenos Aires CLARIN in Spanish 10 May 80 p 7

[Text] The secretary of commerce and international economic negotiations has commented on the policy of setting an exchange rate in advance, which is one of the key elements in the current economic strategy. When questioned as to whether there was not a contradiction between such an exchange rate policy and the guidelines for economic liberalization advocated by the Economy Ministry, Alejandro Estrada stated: "There could be, but we would have to see what would happen with a free exchange rate." He noted that there is worldwide debate on "which is the better choice" in exchange rate policy. Referring to Argentina, he commented: "Here, the exchange rate is a totally controlled price. It is outside the market, and the other variables have to adapt to it." These and other remarks by Estrada will appear in the next edition of the magazine 5 AREAS.

In discussing the potential for coordination with Brazil, Estrada mentioned the stumbling blocks posed by the design of Brazil's economic policy, its balance of payments problems and "the enormous sectorial pressures." In connection with the latter, the commerce secretary said that they are also present in the automotive field. He disclosed that in order to round out the agreement on opening up automotive markets, Brazil will have to cut its import tariffs to 120 percent.

Efficiency

In his remarks Alejandro Estrada denied that there was potential for total self-sufficiency in the iron and steel and electronic sectors, among others. He said that industrial policy is based on the assumption of efficient operations, with foreign competition as a tool for achieving this.

When asked whether competition from overseas would inexorably determine the fate of our basic sectors, Alejandro Estrada replied: "If the country's basic industry (iron and steel, petrochemicals) cannot

produce at international prices, it will have to be subsidized. Otherwise we would be curbing the development of sectors that make use of these inputs."

When he was presented with the criticisms of industrial policy by a number of key sectors, such as textiles, metallurgy, machine tools and agricultural equipment, Estrada said that he did not know "what these sectors are proposing."

Candy or Steel

Estrada concluded by stating: "We want a modern country, a Western society with equality of opportunity. The economy will decide whether we produce candy or iron and steel. The tool that we are using to achieve this model is tariffs. We are talking about an economic structure that changes gradually and that aims at the smallest possible gap in tariffs. Time will tell what sectors hold the greatest comparative advantages. I would not be so bold as to say in what sectors I have those advantages today," he remarked.

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CSO: 3010

ARGENTINA

NATIONAL FIGURES COMMENT ON FINANCIAL CRISIS

A Permissive Policy

Buenos Aires CLARIN in Spanish 8 May 80 p 14

[Commentary by former Minister of Economy Alfredo Gomez Morales: "The Time Has Come To Revise the Entire System"]

[Text] I. Origins

Rather than the financial system itself that was established in 1977, it is the way and spirit in which it has been implemented that we must blame for the crisis that we are experiencing.

The basic notion has been that the activities of financial middlemen constitute an industry, the "financial industry" the report of the BCRA [Central Bank of the Argentine Republic] calls it; obviously, however, this is a public service that, as such, must be regulated and subject to strict auditing to insure that it operates properly.

We all know that a modern state reserves for itself the right to issue currency (this is, in fact, an expression of sovereignty). We must also not forget that in granting loans, banks create so-called quasi-currency, which has the same qualitative effect and much greater quantitative significance. Thus, authorizing the establishment of a new bank or a new finance company also means authorizing a new issuing agency.

It is therefore surprising that the government has shown such willingness, which borders on indifference, to approve the opening of new institutions, especially the way in which it facilitated the development of the so-called bank branch policy.

The government should not try to disguise this policy by arguing that there are fewer of them now than before, because this deceptive reduction is merely the result of numerous small cooperatives having merged into banks and finance companies of the same nature. The fact is, the most unobservant person can see that this has been the country's most prolific "industry."

Thus, a veritable financial fever has swept away the traditional principle of specialization, among others. Any person could become a makeshift banker overnight. We saw the appearance of the "businessmen with the new look," as one well-known commentator described them, perhaps attracted by the advocacy of daring, imagination and risk (with other people's money). In the marketplace these gentlemen could count on the youths who had trained so brilliantly by "churning away" at the money counters, and they took advantage of the fact that the widespread existence of these counters was gracefully overlooked for almost 2 years by our central bank. The joint or individual efforts of these persons are largely responsible for the stunning development of the sector and the current painful death throes.

Meanwhile, the high-level officials in charge tried not only not to interfere but to facilitate the process as well. A utopian Rousseauian concept of liberalism, of the sacrosanct virtues of unfettered competition and of the sublime workings of the marketplace advised "laissez faire"...don't disturb the process.

Hence, it is not surprising that the BCRA seems to have been the last one to find out. The formerly prestigious Supervisory Office became understaffed and lost its enthusiasm. Many of its finest officials emigrated to private institutions within the system, at times to the same enterprise that they had monitored just previously. That the government thought about "making their operations private" says it all. Nor is it surprising that the government is turning to officials from a foreign bank, now that it has to take charge of certain banks. Finally, successful investigations into irregularities at a number of banks which were pigeonholed or put in the "dead letter file" did not help to encourage supervisory personnel either.

II. Roots of the Problem

A bold approach was unquestionably facilitated by a simplistic assessment of the "efficiency theory." Rates are freely set (the money supply is, of course, regulated by the BCRA, with the aid or hindrance of the Treasury), both the rates that banks pay to their depositors and the rates that they charge for their loans. The most efficient bank is the one that attracts the most deposits. If it pays better, that is because it will make more profitable use of the funds that it takes in or because it will have lower administrative expenditures, they say. Controls are preferably pro forma: as long as there is a given ratio between deposits and capital, as long as outstanding loans do not exceed a certain percentage of the portfolio, everything is alright. The people who hold those outstanding loans do not really matter, except when "serious accidents" happen, as they are now. The intended use of the loans does not matter in the least. Theoretically, they are not supposed to exceed a certain amount in the

case of related firms. But this can be disguised quite easily and is apparently not regarded as too important, as we can see, for example, in the case of the Mendoza wine merchants who dominate the wine market, with the knowledge and forbearance of all, except, it would seem, the authorities who are in charge of preventing this. It is therefore not surprising that those who were among the last to enter were able to take their place among the leaders.

In short, the freedom to set interest rates is obviously incompatible with a system of state-guaranteed deposits. This has been made worse by the permissive policy that I have described above. If to this we add that the alleged, widely-proclaimed monetization of the economy is based 80 percent or more on call money operations or 7 or 30 day deposits, so that they can then be loaned out for 180 days or even 5 years with 6-month amortizations, what else can we say.

Such terms can work in economies that have a 60 or 70 percent monetization and conditions of relative stability and expansion. In a demonetized economy like ours, which is marked by stagnation, recurring recessions and large budget deficits caused by an overblown, costly and inefficient public sector, the features of our financial system are very dangerous. I have to point this out because ultimately it is in the workings of the real economy that the root of the problem lies. When all is said and done, the pathological development of the financial system is merely a consequence. Otherwise, the "bank clubs" (applications in court for a creditors' meeting to avoid bankruptcy) and the bankruptcy filings would not have multiplied, and the instances that have highlighted the current crisis would have had limited effects and not threatened the entire system.

III. Palliatives

Although the recently adopted measures are turning out to be tremendously expensive, they are mere palliatives to prevent the panic caused by the individual blazes from spreading like wildfire. We will need nationwide solidarity, which has certainly not been shown by several multinationals that concentrated their deposits in foreign banks after withdrawing them from the national institutions to which they had turned in a bid for a higher rate of return on their surplus cash.

I think that the time has come to revise the entire financial and economic system and to calmly and courageously make the needed rectifications. We must not confuse firmness with stubbornness.

Economic Policy Faulted

Buenos Aires CLARIN in Spanish 8 May 80 pp 14-15

[Commentary by Rogelio Frigerio, former secretary of economic and social relations and current vice president of the Integration and Development Movement (MID): "This Is a General Economic Crisis"]

[Text] I. Workings of the Financial System

First of all, I would like to help clear up some misconceptions that the Finance Ministry has been promoting. What has happened and is happening in the banking sector is not an independent phenomenon that can be isolated from context; rather, it is merely one sector's reflection of a general economic crisis whose true magnitude emerges as it outstrips the ploys that have been used to conceal it. Our financial problems are surface symptoms of a deep-seated disease that can be attacked successfully only at its causes, not at its effects.

This preliminary remark having been made, I should now refer to Law 21,526, which the economy minister proclaimed as "truly revolutionary," asserting that it would give us a "capable, competitive and solvent" financial system. We can all see its fruits. The system is not capable of surviving without state aid; its competitive freedom is accused of being profligate; insolvency threatens most institutions, and a revolutionary aim has wound up being mere economic subversion.

Law 21,526 could be regarded as a blank check that our economic authorities could fill in as they saw fit in accordance with circumstances. When the CAL [Legislative Advisory Commission] approved it, it could have never suspected that the Central Bank would renounce the exercise of most of the powers that the law granted it and that it would make the system subject to the initiative, responsibility and honesty of any upstart, all of this under the enthusiastic sponsorship of the economy minister.

Some countries have a totally free banking system, and in others the state guarantees deposits to a great extent, but only here have these two opposite extremes been combined so that the state can give its backing to a business in which it cannot intervene and over which it ultimately did not exercise supervision. The resulting financial system was unstable and speculative and because it did not have to serve the country, it ignored assistance to our regional economies, did away with traditional farm promotion loans and denied incentives for basic investment. Hence, it was one of the factors that contributed to an enormous new national failure.

II. The Banking Crisis and Its Causes

Argentina's current financial crisis is the most serious one that it has suffered so far this century, even including the crisis triggered

by the great depression of the 1930's. It has not been the work of irresponsible, reckless or criminal elements, because no one would claim that they have proliferated or progressed under the current financial system. Nor can it be attributed to the incompetence and ineffectiveness of the Central Bank authorities, who by disregarding their supervisory functions and preventive and corrective measures have merely aggravated the process and heightened its characteristics as a scandal. The Central Bank has always had all of the necessary powers, and the current bill designed to expand them is just a smoke screen to cover up its unavoidable responsibility.

The Central Bank is simply the physician who has not done his professional duty, but it is not the cause of the disease. This is the result of an economic crisis that the Finance Ministry is trying to conceal when it asserts that it is "shallow or ill-intentioned" to blame its economic policy for what is happening in the financial sector. Such a statement is unquestionably an insult to the ministry itself. The deepest financial crisis of the century could not have taken place without a serious economic crisis. The Central Bank has had to liquidate our largest private bank, take control of the second largest, close down the second largest finance company and extend its control to 2 other banks among the top 10. This is a string of collapses without precedent either here or abroad, but the picture is even bleaker if we also consider the similar critical situation in many other banks and finance companies that are still standing thanks to the reinstatement of wideranging state guarantees and the Central Bank's sizable injections of money. This crisis could never have been caused by bankers, who have today been made the scapegoats by people who are trying to evade their responsibility.

The financial edifice is collapsing as our economic base shrinks. Bankruptcies among productive enterprises have multiplied, and in just 6 months their liabilities have reached 670 billion pesos. This logically translates into uncollectible bank loans, but what is in the works is even worse than what we have seen. An enormous number of productive enterprises have virtually suspended payments as a result of their seriously deteriorating situation prompted by their repeatedly unsuccessful attempts at stabilization. They are the victims of a wage policy that contracted the consumer market, of a truce that brought back the straitjacket of controls, of a financial policy that institutionalized usury and of a handling of tariffs and the exchange rate that seems to have been devised to destroy the nation's production apparatus for the benefit of a doubly subsidized foreign apparatus. They are the victims of drastic recessionary policies whose excuse was the desire to curb inflation, while all the time the Economy Ministry and the Central Bank fueled inflation with the largest issuance of currency in our history and the most severe stagnation of production since the war. This is why we see all of these companies

hanging on in the intensive care unit, kept alive with the oxygen of constantly renewed debts that cannot be paid off and that banks are not calling in because they want to avoid being buried by the rubble.

I should not have to remind people that the financial system is there to serve the system of goods production and that it cannot prosper if the latter becomes impoverished or goes bankrupt. Over the last 3 years the financial sector has grown 92 percent while the economy of production was stagnant. Such growth on an increasingly inadequate base was overblown and could not continue. In the end, the financial system itself wound up being the victim of the crisis that it helped to cause, and the innocent pay for the guilty.

III. The Measures Adopted

Our economic authorities have merely undertaken a crash program to prop up a collapsing system. In order to prevent the catastrophe from taking on intolerable political proportions, they have resorted to further violations of their much-proclaimed and much-abused philosophy and they have not hesitated to breach our state of law through retroactive measures, illegal interventions, the honoring of nonexistent debts, covering up capital flight and an unrestrained issuance of currency in the form of advances that in 1 month verged on 4 billion pesos. This is the temporary cost of an alleged salvaging operation implemented under Resolution 1,051 for bankrupt institutions. Based on this, industrialists and farmers will be entitled to demand similar assistance.

The new measures are designed to conceal or put off the crisis, nothing more. There is no way out for the banks that have lost depositors, except by tightening up on their loans and demanding payments, which would have the effect of immediately aggravating the crisis. They are not suggesting that the reinstated guarantees be used to channel deposits into longer term instruments, thus rectifying the explosive character of the present system. Nothing has been changed to establish proper proportions between each institution's own capital and the capital of others that it is managing. Nor has there been a move to reorganize and strengthen the Central Bank's technical staff in charge of monitoring the operations of these institutions. They have not even announced their intention to establish a system for discharging companies from bankruptcy that includes all of them and excludes only special privileges. This is fundamental, because the financial sector cannot remain standing if the production sector crumbles.

Naturally, none of these emergency measures gets to the root of the problem. They will only put off a bigger collapse if they are not

complemented by a radical change in economic policy. The point is not to abandon a philosophy that has been all too adulterated by an alleged pragmatism, but to modify the course of an economic policy that can no longer even be identified with the initial program and that has penalized productive efforts, rewarded speculation, subordinated the national interest, encouraged capital flight and subsidized foreign competitors. Our country is a single whole; its sectors are interdependent, and the financial crisis is the result of a deep-seated economic crisis that over the past 4 years has caused Argentina to take its biggest step backward since the beginning of the last world war.

8743

CSO: 3010

INTERVENED BANKS NOT LONG IN EXISTENCE

Buenos Aires CONVICCION in Spanish 27 Apr 80 p 12

[Text] Intervention of the Los Andes Bank (which was number one among the private banks in amount of deposits), the Oddone Bank (seventh among the private banks in official ranking) and the International Bank (ninth) was based on irregular management detected in them.

The Los Andes Bank, established in 1965, belonged to a business group headed by Greco, originally from Mendoza Province, owner of vineyards, grocery stores, fishing, cold-storage, real estate, building and brewery enterprises and, according to financial circles, the breakdown of its portfolio amounted to \$2.5 billion.

With a network of 30 branches all over Argentina, the Los Andes Bank is one of the banks that recorded the most spectacular growth. It went from ninth place among the private banks to first place in ranking between the end of 1978 and the end of 1979.

In the time that has passed since the closing of the BIR [expansion unknown], the Los Andes Bank was one of the banks most affected by the "race" to withdraw deposits that reached panic size, especially among small-scale and medium-scale savers.

Thus, in these 29 days, it has witnessed a 60-percent drop in the amount of its deposits and it has received \$700 million of the \$1.7 billion that the Central Bank had to advance, in a little over 2 weeks, to around a hundred financial institutions, so that they might absorb the massive withdrawal of funds.

With regard to the Oddone Bank, it began to operate as such in November 1979, and in barely 2 months held ninth place among the private banks in amount of deposits. It belongs to a group of enterprises including insurance, oil, building and others, headed by Francisco Oddone. It was another of the ones most seriously affected by the run generated by liquidation of the BIR.

Finally, the International Bank grew 475 percent in its reserves and capital between January 1979 and January 1980. It belongs to the SASETRU [expansion unknown] group, owner of food and oil enterprises. It saw its development affected by the crisis that shook that business group, which announced, in the last few weeks, that it would liquidate assets until their size was reduced by 50 percent, in order to cope with the financial problems affecting it.

10,042

CSO: 3010

CONTINUITY OF ECONOMIC POLICY IMPERILED BY BANKING CRISIS

Buenos Aires LA NACION in Spanish 11 May 80 p 15

[Text] The Earth Tremors

That sort of snowball, which has been rolling and growing with the force of the collective panic since Friday night, 28 March (the night of the order for the liquidation of the Regional Exchange Bank [BIR]), finally seems to have been checked. This does not mean that further earth tremors from the crisis should not be expected, but the impression is that the worst has occurred, at least for the bank deposit tellers' windows.

Now the financial area of the economic team will have to make a special effort to repair its status again. During the week, the members of that team distributed tasks among themselves in an undertaking involving persuasion with regard to the real scope of the crisis, which they carried out in various parts of the Army, Navy and Air Force.

For example, on Thursday, the minister of economy and some of his collaborators spoke before the plenary gathering of generals. No less important, but far more confidential, was a talk given on the evening of the same day by the president of the Central Bank to Admiral Lambruschini and other high-ranking Navy commanders.

One of the most intriguing aspects of this financial crisis is why the economic team was not more careful about the effects of some of its measures during a year in which the military must determine Videla's successor. In other words, why, instead of liquidating the BIR, with all the resultant shock, did they not intervene on the same terms (not stipulated by law, we might say in passing) that were used later with the Los Andes, International and Oddone Banks? That is a question asked in military circles, apart from the coincidence whereby it was found fitting to apply a very serious penalty to the BIR. That coincidence is as obvious as the wish of the military that if, as a judicial aspect of the case, letters requisitorial were ordered transacted in the United States, the place of residence of Dr Jose R. Trozzo, former president of that institution, Argentine diplomacy should act as quickly as possible to expedite them.

What Was Not Anticipated

The Central Bank has a response which is reasonable, in principle, for countering that question: Why would a run due to panic be anticipated if, during the preceding 35 months, 33 financial entities were liquidated almost without being noticed by anyone? To be sure, those 33 entities did not include the one which had been the most important bank from the standpoint of deposits on hand, nor anything resembling it.

Not only is it unthinkable that Dr Martinez de Hoz and his associates would act indifferently toward the results of a serious upheaval within a few months of the designation of a new president of the nation, but there have been at all times clearcut signs of the interest with which they have followed the alternatives to the military policy during recent years. It is understandable that this should be so, just as in times of constitutional normality it is understandable that the ministers take an interest in the progress of the political parties on which their backing depends.

Dr Martinez de Hoz has stated repeatedly (most recently in the United States) that he will accompany President Videla in March 1981. But that is not the point under discussion, rather the one stemming from the fact that he has stated publicly that there are gathering around him personages capable of taking the helm of economic leadership later on. In other words, we are witnessing a minister who has made it clear that, in his opinion, not only must the continuity of the policy being carried out be guaranteed, but also the continuity of the group willing to put it into effect.

The former is assured to a considerable extent; in the case of the latter, the financial crisis has cast more doubts on it than it had previously.

In all this time, no one has seriously questioned the fact that the military philosophy is still firmly attached to the plan announced on 2 April 1976; but no one has been deceived either regarding the fact that, even within the same plan, there is room for corrections or innovations of such significance that any differences in the way in which they are penned by the executor's hand would be perceptible, even to the most inexperienced. If anyone has forgotten, he should be reminded that some of the most distasteful appointments to the management of the present economic team made from the military camp were based on alleged deviations in the implementation of the plan of 2 April 1976.

What happened at the start of this autumn crisis, which is actually an effect of causes preceding 1980? Was it the economic team's political ineptness? Except at the head, wherein one recognizes the presence of one of the most politically amenable persons in public office for many years, the others, for reasons of age or sentiments, as a whole often give the impression of a definite aloofness from an understanding of specifically political issues. Their own colleagues quote the president of the Central Bank as making the following comment, as if boasting: "I am a technician, not a politician."

The Minister's Trips

Even though, as has been noted, the results of the financial crisis have not threatened the stability of the economic team per se, on the other hand it should be pointed out that no one has succeeded in losing the impression caused by the new demonstration given by the minister of economy of his influence in the international realm. From Brzezinski and Treasury Secretary William Miller to an ambassador "at large" like Mr Owen, who is a very prominent personage in the organization of North American grain policy, within a few hours Dr Martinez de Hoz had direct relations with the real center of power of the United States Government.

That same trip to the United States, inspired, so to speak, by motives of prestige, will be taken to Europe, after President Figueiredo's visit. A date has already been set for his reception by King Juan Carlos of Spain. Since the original purpose of the minister of economy is to visit the Federal Republic of Germany also (and France as well), it will be interesting to learn whether Chancellor Schmidt is willing to agree to a personal meeting. This may perhaps depend on an evaluation made with regard to German domestic policy, and even of its own party. The Social Democrats have not been noted for their sympathy with the Argentine military government; but, on the other hand, they have not interfered with the settlement of old business or the conclusion of other dealings with Argentina on the part of German business firms in recent years.

The mention of German industry is a means of retrieving one of the topics which was the subject of conversation at some of the meetings held by Dr Martinez de Hoz in Washington. We are talking about the nuclear issue. From those meetings the minister must surely have drawn conclusions about something which has not yet had fitting repercussions in our country. It is the release of North American exports of enriched uranium to India, a country which did not sign the nuclear non-proliferation treaty. In that instance, President Carter invoked "the national interest," a sufficiently flexible formula if, on the basis of the good relations between our countries, Washington should decide to make significant innovations in its nuclear policy toward Argentina.

The Olympic Games

Within 48 hours of Dr Martinez de Hoz's negotiations in Washington, the Argentine Government announced that it "would recommend" to the Argentine Olympic Committee that it not attend the Moscow Olympic Games. It must be understood that the government deliberately meant that official communique to coincide with the return of the minister of economy to Buenos Aires. In this way, it placed the decision not only in the realm of principles (that of opposition to the Soviet intervention in Afghanistan), but also in that of the new direction of relations with the United States produced since the Goodpaster mission during the summer. It is obvious that the government would

Cards and More Cards

Insofar as the minister is concerned, it is understood that, contrary to the proposals of the Central Bank, he refused, until he was finally forced, to let the policy on devaluation of the peso ordered at the end of 1979 (the other major matter that was pending) remain binding, month after month, until March 1981. As everyone knows, a devaluation was set for January 1980, and a declining percentage was estimated for "the following months." Strictly speaking, the plural "following months" applied to February and March; later, the minister would decide what he deemed most feasible, because by then he would have a free hand.

During the summer and thus far this fall, the spokesmen for the economic team stressed that no changes should be anticipated in the government's policy on almost daily devaluations. Things are continuing in this way but if, for any reason, the government should become inclined toward a floating exchange rate (during the first 8 days of May the reserves decreased by slightly over \$110 million), and hence toward a rather more intensive devaluation, it would have to be admitted that Dr Martinez de Hoz managed to leave a door open for escape if, at any time, the situation should force him to depart from what has been some of the essence of his policy since December 1978. This may possibly prove to be a good issue on which to rate the minister again for his political character, in comparison with the one surrounding him.

However, an essentially pragmatic minister, as Dr Martinez de Hoz is, has experienced the setback of finding it necessary to climb the steep slope of the financial crisis at the least propitious time. In fact, it was known previously that, if the economic team wanted to guarantee itself a maximum attainment of its goals after the Videla presidency, it would have to start by achieving a chronological coincidence between the height of its prestige with the military government and the time when that government was debating Videla's replacement. Within a period of 5 months or less, the military will decide on who will occupy the Casa Rosada on 29 March 1981. Will the economic team have time to retrieve at least some of what, although it is not vital to its stability is vital to its future influence, has been perverted by the earthquakes of the past month?

While the prospects for the coming months herald a splendid period for the economic team, it may be claimed that the most evident identification with the performance of that team is a rather valuable card to be played in September, in a confrontation of candidacies for the presidential succession. Not the only one or the most decisive one, because, where a preeminently military matter is involved, the cards with a military entity will be more valuable than anything else; but it may make a contribution toward the establishment of an impasse. From what has happened during the past month, that card will be evaluated in a different way.

otherwise have postponed its decision until 24 May, the deadline for registration with the organizing committee for the Games.

With the matter settled in this way, we might ask about what will be offered in return by North American diplomacy for a position which has helped to bolster its status in a critical confrontation with the Soviet Union. The diplomats prefer not to mention compensation, and choose to stress that in this type of affair, what is involved is a "spirit," and the rest will occur implicitly.

This is credible because the Argentine boycott of the Olympic Games was announced on Thursday, but the decision was made as early as Tuesday, that is, when Martinez de Hoz was entering or, what in this instance is the same thing, was just leaving Brzezinski's office.

Be that as it may, there are some here who are expecting, as a result of all this, among other things a greater North American confidence in Argentina in the nuclear area, and a lesser risk, if there really was one, of the appearance in the future of North American commodities at dumping prices on the traditional markets for Argentine grain. From what can be observed, the crisis in Afghanistan will be lengthy, and not only the first, but also a second Argentine crop will be at stake.

Continuation of the Dialog

The policy of dialog continued with the meeting held by Mr Francisco Manrique and two leaders from the interior affiliated with the Federal Party with the minister of interior. As a "friend" of the process, according to his own description, Manrique assumed some differences on behalf of those whom the Archbishop of Santa Fe, Monsignor Zaspe, described several days ago as those who have no voice with which to make themselves heard.

With his statements after the meeting, Manrique clearly dissociated himself from Dr Martinez de Hoz's economic policy. His remarks were a confirmation of something that we have just mentioned: The economic minister has been criticized, as in the case of Manrique, because the economic plan of 2 April 1976 "has little or nothing to do with what is being done." General Haguindeguy did not share the assessments made in this area by the head of the Federal Party.

Since the provincial policy also has a place on the national scene, we might observe that, first President Videla, and later the commander-in-chief of the Army, received Lt Col Carlos Daract, head of the Provincial Popular Movement of San Luis. Daract operates in that force headed by Dr Guillermo Belgrano Rawson, but has dissented from that leadership for years, even though he shares with the latter a position that he explained to Lt Generals Videla and Galtieri: that of direct opposition to the governorship of Brigadier Marcialese. Daract discussed the reasons for this opposition with both of them.

2909

CSO: 3010

WORKMEN CHALLENGE EMPLOYER 'LOCKOUT'

Buenos Aires CLARIN in Spanish 10 May 80 p 5

[Text] Yesterday, the personnel from the Productex textile plant petitioned the Ministry of Labor for the application of Security Law 21,400 to the managers of that firm, because they maintain that a "lockout" has been made by management. At the same time, they requested that the pertinent proceedings be turned over to the Federal Court, according to union sources.

The workers' petition was made during the conciliation meeting held yesterday morning at the Vicente Lopez delegation of the Labor Ministry, during which management did not offer any solution for the status of the 700 workers who were fired last Monday.

For this reason, the measure will remain in effect for an indefinite period of time, according to statements made by the representatives of the firm, which is located in the Villa Adelina district of Greater Buenos Aires.

It should be recalled that, in the middle of this week, Productex announced its decision to seek preventive bankruptcy proceedings after a series of financial difficulties which forced it to halt its production at the beginning of the year and, later, to be very much in arrears in paying its personnel their 2-week wages on two occasions. Finally, last Monday, it suddenly laid off the workers for a week, and did not attend the conciliatory meeting scheduled for that day at the Ministry of Labor.

Meanwhile, another textile factory, located in Villa Lynch, also in the Buenos Aires suburbs, has kept its activities at a standstill since the beginning of this month. The measure ordered by the owners of Wortix caused the layoff of its 60 workers, and was based on the "lack of work" that the firm is currently experiencing.

IME [State Mechanical Industries]

Cordoba--The Cordoba Materiel Area, which is subordinate to the Air Force, is ready to absorb about 1,000 skilled workers who were employed by the State Mechanical Industries (IME), according to a disclosure.

Moreover, it was learned that 1,650 former employees of the IME state firm, the closing of which was ordered by the government, will be dismissed and paid indemnification. On 30 May they will be paid the indemnification owed to those with less than 5 years' seniority in the closed firm.

General Electric

Yesterday, the Ministry of Labor hinted that the 450 workers at the General Electric electromechanical firm in this capital, who have been on a sitdown strike since last Wednesday, demanding wage increases, may be returning to work on Monday.

2909

CSO: 3010

ARGENTINA

LEAL REITERATES DEFENSE OF NATIONAL RIGHTS IN ANTARCTIC

Buenos Aires LA OPINION in Spanish 12 May 80 p 6

[Text] Necochea (TELAM)--"The moment of truth has come for Argentines in connection with our Antarctic territory, because international interests, which have always existed, are doing everything they can to stamp out our sovereignty there."

This was asserted yesterday in Necochea by one of the pioneering champions of our unquestionable rights in the Argentine Antarctic territory, retired Gen Jorge Leal. He explained his initial assertion with the comment that this is the case because "the development of renewable and non-renewable resources is at stake there."

Continuing along the same line of thought, he contended that "the powerful are interested now in urgently exploiting all of the resources of the Antarctic, which contains every known mineral, thus violating the provisions of the Antarctic Treaty, which mentions only scientific research, to guard against conflicts between two or more countries."

During his speech in this city on the topic "The Argentine Antarctic 1980," General Leal also brought up the southern border dispute with Chile, stating that a war between Argentina and Chile "would be the historical mistake of the 20th century, as the war with Paraguay was last century."

"I think," he stated, "that an honorable agreement between brothers can be reached," clarifying that he was not talking about "handing everything over to Chile" but about "arriving at an honorable position. I think that for the moment the way to prevent a conflict is by listening to, paying attention to and complying with the counsel that the pope can give us."

8743

CSO: 3010

PRESS UPDATE ON PETROLEUM PRODUCTION, CONSUMPTION

Oil Production Report

Buenos Aires CLARIN in Spanish 24 Apr 80 p 18

[Text] Outlays for oil imports increased 404.6 percent in the first quarter of the year, amounting to \$139.8 million, compared with \$27.7 million in the same period last year. The difference amounts to \$112.1 million. In volume, first quarter imports increased to 648,100 cubic meters, which, compared with 251,200 in the first quarter of 1979, involve an increase of 158 percent, or 396,900 cubic meters more.

When the Secretariat of State for Energy reported on energy production in the first quarter, it remarked: "It should be pointed out that the high volumes of oil purchases abroad recorded in this first quarter result from a different scheduling of arrivals and give rise to importation curve whose development differs from last year."

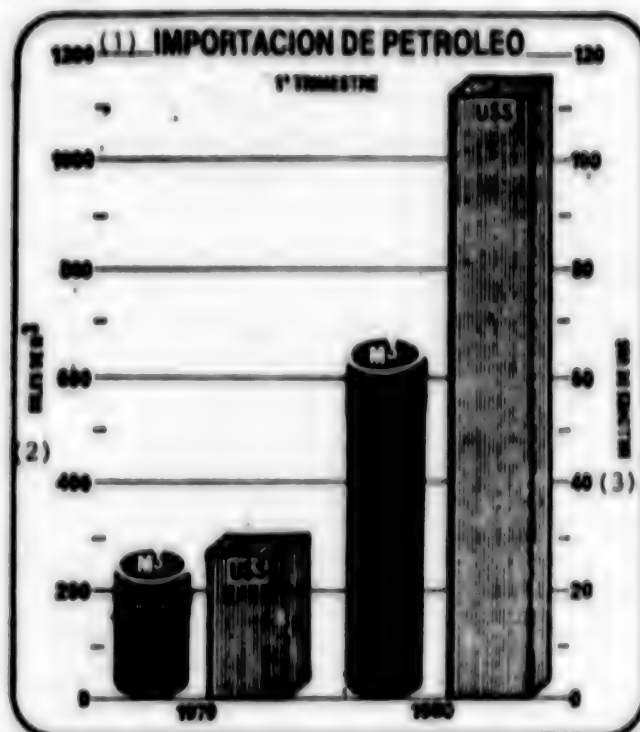
Oil production in the first quarter amounted to 7,081,600 cubic meters, 6.3 percent more than what was pumped in the same period in 1979. In March alone, production amounted to 2,412,600 cubic meters, exceeding production in March 1979 by 5.1 percent.

With regard to marketable coal mining, it reached a volume of 128,300 metric tons in the first quarter, 17.6 percent more than in the first quarter of 1979. March production amounted to 45,500 metric tons, with a decline of 2.4 [percent].

Natural gas injection reached 2,088.2 million cubic meters in the first quarter, with an 11.1-percent increase, while, in March, the volume recorded for the same month last year was exceeded by 6.4 percent, with 770.5 million cubic meters.

Electricity generated in public service powerplants amounted to 8,866,249 kilowatt-hours [sic] in the first quarter, thus exceeding the 7,878,725 megawatt-hours in the same period of 1979 by 12.6 percent. Specifically, in March, 3,140,704 megawatt hours were generated with an increase of 14.5

percent. The following was the energy production structure in the first quarter: thermal, 57.5 percent (59.5 percent in the first quarter of 1979); hydroelectric, 30.1 percent (32.6) and nuclear, 4.4 percent (7.9). It should be pointed out that the Atucha nuclear powerplant was not in operation in March. This explains the large decline that occurred in the use of atomic energy.



Key: 1. oil imports, first quarter;
2. thousand cubic meters; 3. million U.S. dollars.

Private Sector Bidding Opened

Buenos Aires LA OPINION in Spanish 26 Apr 80 p 11

[Text] YPF [Government Oil Deposits] has a bidding program underway for this year that includes seven risk areas and six exploitation areas.

This opening up to the private sector for participation in the large areas is based on the Law on Risk Exploitation Contracts, with which it is hoped that the so much longed for goal of self-sufficiency for a country that has oil will be achieved.

Among the areas open for bidding are Canadon Amarillo and San Roque (Neuquen), Cacheuta (Mendoza) and Cerro Wenceslao, in Santa Cruz. With the exception of bidding on Las Brenas, in El Chaco, all the others are located in border provinces and on the Argentine Sea.

This is what is stated in the weekly EL ECONOMISTA, adding that, depending on the results obtained by exploitation, talks will be started on the possibility of exporting oil, as is already intended to be done with regard to gas.

It adds that, in the last 2 years, there was an increase from 200 billion cubic meters to 600 billion, with which the country is becoming rich in gas with exportable surpluses.

Fuel Imports Increase

Buenos Aires CONVICCION in Spanish 24 Apr 80 p 14

[Text] Fuel imports during the first quarter of this year amounted to somewhat over \$240 million, while exports, in the same period, reached almost \$80 million, according to what has leaked out from reports handled in the Secretariat of State for Energy.

These reports state that, overall, fuel purchases abroad amounted to \$241.55 million between January and March. Compared with \$105.33 million in the same period in 1979, this represents an increase of 129.3 percent.

With regard to exports, they amounted to \$77.27 million, which, compared with \$11.79 million last year, implies a 555.5-percent increase. Therefore, the difference, negative for Argentina, in the balance of trade with regard to fuel, increased by 75.6 percent, going from \$93.54 million to \$164.28 million.

Greatest weight in the imports falls on crude purchases, by a wide margin. They amounted to 648,100 cubic meters at \$139.77 million, with increases of 158 percent in volume and 404 percent in value. They are followed by natural gas purchases (\$36.48 million), motor gasolines (\$35.27 million, mineral coal (\$16.16 million) and liquefied gas.

Meanwhile, marketing abroad was concentrated primarily on fuel oil, which, with 328,400 cubic meters and \$45.77 million, underwent an increase of 229 percent in volume and 489 percent in value. This was followed by residual coal marketing (\$6.56 million), asphalt (\$552,000) and solvents (\$305,000).

The special fact represented by diesel oil must be added to this. During the first quarter of this year, 82,400 cubic meters were exported for a value of \$24.08 million, while in the same period of 1979 192,300 cubic meters were imported for \$33.25 million. This represents a replacement of imports amounting to 274,700 cubic meters and -- at present values -- \$80.26 million.

With regard to the substantial increase in crude oil imports -- among the other products, the one that increased most was natural gas, with 1.2 percent in volume -- the Secretariat for Energy stated, the day before yesterday,

that this circumstance is owing "to a different scheduling of arrivals." Therefore, this year's volumes should tend to balance out gradually, in the next few months, with the 1979 volumes.

Optimism

"Argentina is slowly approaching petroleum self-sufficiency." This statement was made by Engineer Fabio Olivero who made a speech in Cordoba at the invitation of the Dr. Eugenio Blanco Foundation.

The speaker stated that our country "is not precisely rich in fossil deposit possibilities," and he based his statement on the reserves verified as of June 1978, which amounted to the following: 53 percent of hydraulic origin, 27 percent hydrocarbons (oil and natural gas), 14 percent uranium and the rest in mineral and vegetable fuels.

10,042

CSO: 3010

FORMOSA TO BUILD HYDROLOGIC PROJECT

Buenos Aires CLARIN in Spanish 8 May 80 p 34

[Text] Formosa--For many decades, the province of Formosa has cherished a dream that is now beginning to come true: the construction of the Laguna Yema hydrologic complex.

At the beginning of the century, the chieftain Yema, who struck up friendly relations with the first white settlers in western Formosa, facilitating their settlement, resided near that natural depression. "Yema's lagoon" served for a long time as a watering place for the large herds of cattle arriving from northwestern Argentina in search of the then flourishing pastures in the area. The capricious Bermejo stopped up the Teuquito River from which the water reached the lagoon, and the latter began a slow process of elimination.

The general survey of the Bermejo Basin made during the 1950's made it possible to ascertain that, with an intake project on that river and the revitalization of the Teuquito, plus the perimetral closure of the lagoon, it would be possible to achieve a water surface of 14,000 hectares in an area typified by its low index of annual precipitation, where it sometimes does not rain during the entire winter, causing shortages from weather conditions that have affected every development program for western Formosa, to the point where, in a traditional construction project, "the cost of water is higher than that of the cement."

A Border Axis

After complicated studies and lengthy negotiations, a technical and economic determination was achieved and the essential pooling of provincial funds, those from the Regional Development Fund (FDR) and the Ministry of Interior, and those from the National Housing Fund were accrued, helping to facilitate the water supply to the districts being built in the area, and thus devising a program for executing the hydrologic complex, the first part of which (the intake and pre-intake on the Bermejo) the government of Formosa has just taken bids on.

Head Canal

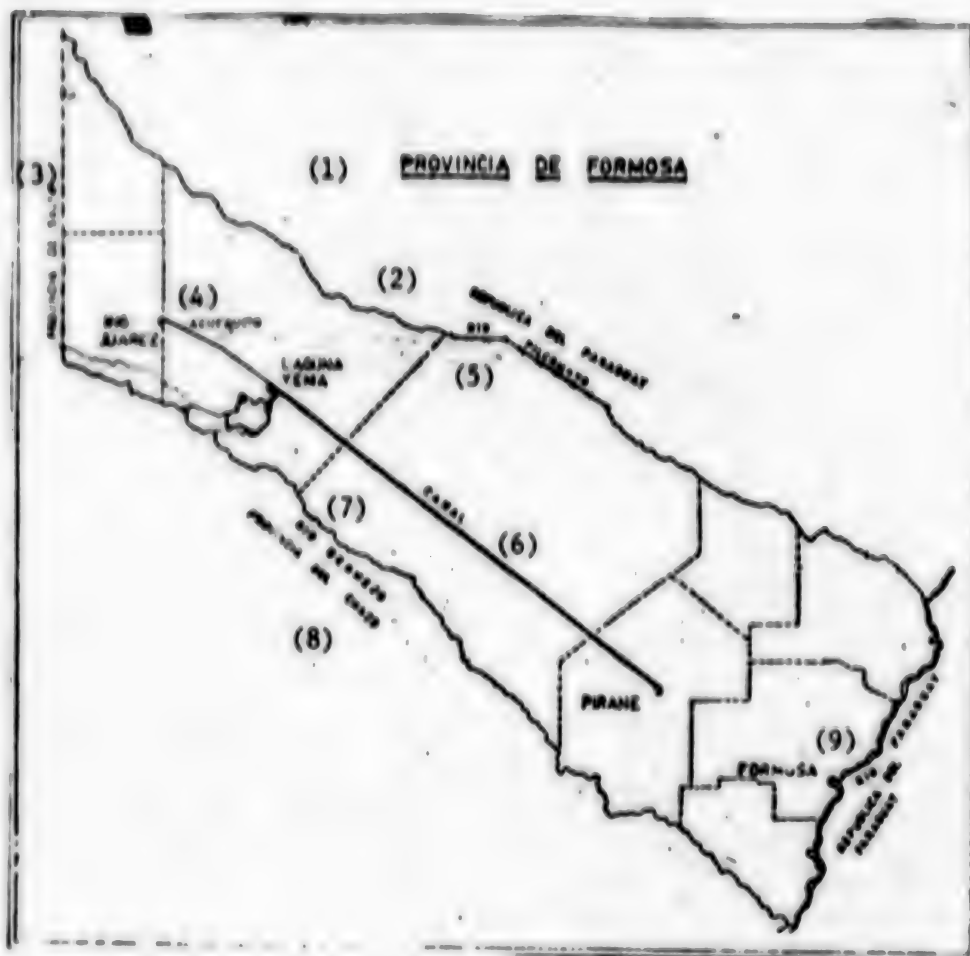
The project per se (in addition to this construction) consists of a head canal which will connect the Bermejo with the Teuquito, and the cleaning of this river bed so that the water will be diverted again to Laguna Yema, where a perimetral closure will be made, thus forming a water surface of 14,000 hectares.

From the reservoir an 80-kilometer conduit will start in a westerly direction, as far as Ingeniero Juarez, and a surface canal 270 kilometers long, heading eastward as far as Pirane. The waterway will be 350 kilometers long, and will supply all the localities situated on the parallel lines that comprise the railroad to Salta and national route 81, as well as meeting the needs of many neighboring sites.

The Investment

According to an estimate made in July 1979, the investment for 1980 will be 12 billion pesos. During 1981, 24 billion will be invested and, in 1982, the year in which it is estimated the project will be completed, a similar sum will be spent.

Thus, the materialization of an undertaking that is all-important to the Formosa territory is beginning. This artificial river will divide the province, as well as the railroad and national route 81, longitudinally, thereby intensifying northern Argentina's border axis.



The map shows the site on which the Laguna Yema hydrologic complex will be built, and the head canal which will connect the Bermejo with the Teuquito. It is a vital project for Formosa Province which has been awaited for several decades.

Key:

1. Formosa Province
2. Republic of Paraguay
3. Salta Province
4. Conduit
5. Pilcomayo River
6. Canal
7. Bermejo River
8. Chaco Province
9. Paraguay River

2909

CSO: 3010

INTERCONNECTION SYSTEM TO SUPPLY ENERGY TO EASTERN REGION

Buenos Aires CLARIN in Spanish 10 May 80 p 20

[Text] Viedma--The detail design for the 132 kilowatt interconnecting line between Sierra Grande, San Antonio and Viedma, prepared by the Rio Negro Energy Office and the Water and Energy Company of the Nation, is in its final phase.

This major infrastructural project is of particular importance to the development of the east and the inner valley of the Rio Negro; because when it is finally in service it will meet the needs of the port of San Antonio, the future solvay soda plant and other industrial firms that may be established in the area.

Once the study has been completed, bids will be called for the supply of special structures for the construction; and, at the same time, there will be bidding on the transportation to the construction site of the materials dispersed along the former line between General Conesa and Videma. Finally, it is estimated that, by July, there will be bidding on the final installation of the project, the total cost of which will amount to 18.2 billion pesos, with a deadline of 18 months for completion.

Reduction Stations

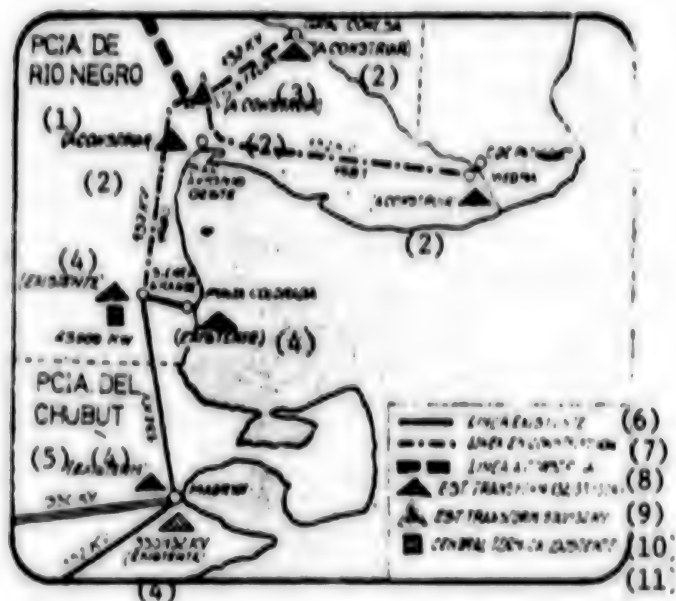
The Water and Electric Power Company will, in turn, be responsible for providing reduction stations in West San Antonio and Viedma, with an investment of about 4.25 billion pesos. The electrical interconnection of the three localities in the Atlantic area by means of the 132 kilowatt line is being financed by the Interior Electrical Development Fund (FEDEI), in accordance with the preliminary design prepared by Rio Negro and approved by the State Secretariat of Energy.

It should be pointed out that the province had started purchasing materials to carry out the work. On 26 September 1976, the Ministry of Public Works and Services let bids on supplies of standardized electrical materials for the first phase of the 132-kilowatt electric power transmission line between Puelches, Choele Choel, West San Antonio and Viedma.

Modification

The design was subsequently modified because of the supply of 132 kilowatts reaching Sierra Grande from Puerto Madryn, which receives a flow from the 330 kilowatt line from Futaleufu. On this basis, the design was prepared for an interconnection from the iron-bearing locality to West San Antonio and Viedma, the financing for which, with FEDEI funds, was approved in June 1979 by the State Secretariat of Energy of the Nation.

These projects include the installation of the 132 kilowatt line between the aforementioned localities and the building of 132/33/13.2 kilovolt transformer stations in West San Antonio and Viedma. To execute the project, on 7 November of last year the province held bidding for the purchase of the standardized electrical materials which were needed because the items purchased previously related to the line between General Conesa and Viedma, and General Conesa and West San Antonio, with 245 kilometers of line; whereas the new line needed to complete the missing sections, entailing the construction of a total of 300 kilometers of line.



Key to map:

- | | |
|----------------------------|---------------------------------------|
| 1. Rio Negro Province | 8. Line to be constructed |
| 2. To be constructed | 9. 132/33/13.2 KV transformer station |
| 3. Without a date | 10. 500/432 KV transformer station |
| 4. Existing | 11. Existing thermal powerplant |
| 5. Chubut Province | |
| 6. Existing line | |
| 7. Line under construction | |

2909

CSO: 3010

CAVIC TURNED OVER TO PRIVATE HANDS

Buenos Aires LA OPINION in Spanish 14 May 80 p 14

[Text] San Juan--The governor of the province, Brig (ret) Angel Zamboni, approved a law which stipulates that the board of directors of the Wine Manufacturing and Sales Agricultural-Economic Corporation (CAVIC) is to call a special general meeting of stockholders to consider "the conversion of the entity into a private law corporation, without state participation."

It also states that the bylaws and election of officials of the new corporate institution "must be approved within a period not to exceed 30 consecutive days after the date of the establishment of the meeting;" and that the latter "must be called within 10 days after the publication of this law, and held within the next 60 days."

It is explained that, in the event that the board of directors does not call the meeting, "the Executive Branch will do so directly."

Moreover, the state "will refrain from exercising the corporative rights conferred upon it by Law 3,933, and will advance the sums necessary for meeting all the debts and additions thereto of the corporation owed to third parties which existed as of 30 November 1979. It was explained: "The amounts will be converted into non-reimbursable contributions only if the transfer of the CAVIC into a private law corporation is decided, with state participation and once the period of 20 days following the adjournment of the meeting has expired."

In addition, the Executive Branch "may order the dissolution and liquidation of CAVIC," in accordance with the regulations that it issues in the event that the meeting is not held, or if it cannot take place validly, if the meeting does not decide on the anticipated conversion, does not approve the bylaws or does not elect the officials of the new institution, or if the new company proves to be comprised of under 1,000 of the present private stockholders.

In such contingencies, the sums advanced by the provincial government "will be accredited to the liquidation process, and will assume the nature of reimbursable sums, insofar as the amount produced by the liquidation will allow."

The law for the conversion of the CAVIC (which is No 4714) stipulates that the company which is established after the meeting "will be a perpetuator, for all legal purposes, of the rights and obligations" of the former. In addition, "the provincial government will see to it, through its general accounting office, that the funds are earmarked exclusively for the payment of the debts that are collectible."

Finally, it notes that, following the recording of the bylaws of the company that is formed, Law 3,033 will be repealed.

2909

CSO: 3010

ARGENTINA

BRIEFS

VIDELA'S SUCCESSOR--Cordoba (From our agency)--When questioned as to the rumors that he is a potential successor to retired Lt Gen Jorge R. Videla as president, the former commander of the Third Army Corps and former ambassador to Belgium, retired Gen Carlos Della Larroca, asserted that "there is nothing that would lead me to think that such an option is under consideration." In statements to the morning paper LA VOZ DEL INTERIOR, he said that "it is not always easy to see to it that results square with philosophical premises, with which we fully agree. I think, however," he added, "that our utmost efforts and a call for clear thinking, imagination and energy are essential for the country to assume the role that all Argentines long for." When asked about certain rumors that he is a potential successor to retired Lt Gen Jorge Rafael Videla as president in March 1981, he stated: "There is nothing that would lead me to think that such an option is under consideration." [Text] [Buenos Aires CLARIN in Spanish 14 May 80 p 12] 8743

ENERGY OUTLOOK--Mining Secretary Fernando Vicente Puca Prota reaffirmed that "the country is prepared to come to grips with the world energy crisis," contending that "we are self-sufficient in and export goodly amounts of food; the foreign sector is very strong, and our population growth is not excessive." Puca Prota returned yesterday to Buenos Aires after officiating in San Salvador de Jujuy at the keynote ceremony marking national mining industry day. He spoke to newsmen at the city airport and discussed the Mining Promotion Law. "At the moment," he stated, "we are drafting the regulatory decree on procedures so that the law can be enforced, because we are now applying the law in accordance with the former decree-law." Puca Prota was asked about amendments to the Mining Code, and his response was that the Legislative Advisory Commission (CAL) is now studying the code. "The CAL is currently taking a look at it and it has, I think, no more than 40 days to issue its opinion; so I think that we are close to seeing the code approved." [Text] [Buenos Aires LA OPINION in Spanish 9 May 80 p 11] 8743

THERMOELECTRIC PLANT--Bahia Blanca, 6 May--As had been announced, the work on the thermoelectric powerplant to be constructed in the vicinity of the port of Ingeniero White has been started. The consortium awarded the project began work on the construction of the platform on the land to be used for the project, while the Dyposa company is finishing the earth fill that will contain the 50 hectares gained from the sea through the 6.50 meter rise in elevation of the premises, which were previously inundated by the tides. It is estimated that, within a year, when the work is at its maximum height, the project will employ about 1,100 workers. The construction of the earth fill has changed the usual features of the area, because 1.5 million cubic meters of material had to be moved. At its greatest length, the penetration of the terrain toward the sea is about 800 meters, thereby bringing the premises to the edge of the canal affording access to the ports. According to arrangements made by DEBA [Buenos Aires Power Administration], the first 310,000 kilowatt turbogenerator will go into service during the second half of 1983. [Text] [Buenos Aires CLARIN in Spanish 13 May 80 p 36] 2909

CSO: 3010

RECENT REPORTAGE ON COMMUNIST HUNTERS COMMAND ACTIVITIES

Responsible for Bookstore Attack

Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Apr 80 p 8

[Text] Shots were fired at the Capitu bookstore, 339 Pinheiros Street, in that neighborhood at dawn yesterday; the window in front of the building was shattered by bullets and stones. According to the establishment's owners, "this was the second CCC [Communist Hunters Command] attack in 3 days."

On Thursday at dawn, someone fired a shot into the window "just to perforate the Che Guevara poster which was hanging at the back," explained Ana Helena Lima Ramos, one owner of the establishment. By that morning, a complaint was made at the 14th DP [Political District.] Around 1700 hours, a man telephoned the bookstore and, after identifying himself as a member of the CCC, he warned: "If you continue to sell subversive material, we are going to set fire to the store."

Two hours later, a man telephoned to ask if there were more Che Guevara posters and how much they cost. The voice requested they be put in the window again "because people come there at night." Although the complaint had been filed Thursday morning, the Technical Police only appeared on the scene late Friday.

At dawn on Saturday after the Che Guevara poster (initially placed there to announce the publication of a book released for sale in bookstores), another attack was made on the building. Although the neighbors heard nothing, about 10 shots were fired (possibly from a 22 caliber, judging from the cases and bullets found at the scene) and stones were thrown, according to police information. A total of three 10-mm windows were shattered.

Once again the RP was called and the young people, Patricia Nepomuceno Costa, Maria Cristina Jorge Ribeiro dos Santos and Ana Helena, the proprietors of the bookstore, went to the 14th DP to register a complaint. At 1400 hours, while the establishment remained closed on the order of the Technical Police, again there was a telephone call: "Do you like it? You

can fix the windows (the cost was approximately 20,000 cruzeiros) because we are going to return. We are going to attack all communists; you are the first."

The owners do not understand the attacks. One of them said, "We sell all kinds of books here, including children's books. Generally, this is full of kids buying books."

Protest

Early yesterday evening, Sao Paulo members of parliament on the CDDPH [Council on Human Rights] in the Legislative Assembly published a statement affirming that "as representatives of the people of Sao Paulo, we condemn not only the unpunished violence of those who cannot live with the free play of ideas, but mainly the suspicious disinterest with which the police react to such attacks. State Deputies Fernando Moraes (CCDPH deputy chairman in the assembly), Vanderlei Macris, Sergio Santos, Franco Barusseli, Flavio Bierrembach of the PMDB [Brazilian Democratic Movement Party] and Geraldo Siqueira of the PT [Labor Party] signed this.

Bomb Threat at Cardinal's Residence

Rio de Janeiro O GLOBO in Portuguese 19 Apr 80 p 6

[Text] Sao Paulo (O GLOBO)--The metropolitan diocese of Sao Paulo officially stated yesterday that around 1530 hours on Thursday, an unknown individual telephoned the residence of Don Paulo Evaristo Arns, identified himself as a CCC member and warned that "within an hour a bomb would go off there."

According to Sister Regina, who works with Don Paulo, the person commented on the church's involvement in the metalworkers strike in the ABC [Industrial sections of Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul]. After taking security measures, expecting the bomb would really explode, Sister Regina and the cardinal-archbishop's secretary decided there was nothing to fear. Don Paulo was not at home.

CCC Threatens Strike Leader

Brasilia CORREIO BRAZILIENSE in Portuguese 11 Apr 80 p 8

[Excerpt] Sao Bernardo do Campo, SP--A total of 60,000 workers met yesterday and decided to continue the strike in Sao Bernardo and step up the mobilization in neighborhoods, streets and bus stops throughout the city. The president of the Union of Metalworkers of Sao Bernardo do Campo and Diadema, Luis Inacio da Silva, revealed that the previous evening he received a telephone call at union headquarters from the Communist Hunters Command, threatening him with death in 24 hours. He told the workers that "no matter what happens, the strike must continue until victory is achieved."

The trade union leaders and various members of parliament considered yesterday's meeting the most animated one of all; it was interrupted several times by shouts of "the strike continues" and workers united will never be overcome." This was the first time this year metalworkers used the two slogans during a meeting. The representative of the Union of Metalworkers of Jao Monlevade, General Mines, Joao Paulo Pires officially launched the national campaign to collect a sum of money equal to 1 hour of work in various categories. All donations will be sent to the fund for striking metalworkers of Sao Bernardo and Santo Andre.

9479

CSO: 3001

BRAZIL

DOPS FOIL ALLEGED PLOT TO ATTACK FIGUEIREDO IN OURO PRETO

Rio de Janeiro JORNAL DO BRASIL in Portuguese 19 Apr 80 p 4

[Text] Belo Horizonte--After an anonymous telephone tip about an assassination attempt the next day in Ouro Preto against President Figueiredo during the ceremony commemorating the Inconfidencia Mineira (revolutionary movement against Portuguese colonialism in Brazil), the DOPS [Department of Political and Social Order] seized, at a residence in that city, explosives and books by Marx, Trotsky and Lenin, according to the organization's spokesman, Ediraldo Jose Marques Brandao.

The spokesman said the materials belonged to 30-year-old engineer David Maximiano de Souza, a fugitive "known to security organizations as a leftwing militant." Last year, he took part in the strike by state teachers who will demonstrate tomorrow in Ouro Preto and the next day begin a new strike.

The Capture

Spokesman Ediraldo Brandao said that on the morning of 17 April 1980, the DOPS, the Investigation Department, the South Section Policy Station in Belo Horizonte and the Ouro Preto Policy Department received anonymous telephone calls from a slow-speaking man who said he was concerned because he had learned about an assassination attempt in Ouro Preto on 21 April 1980. He identified himself only as the father of a student. "We send a DOPS team, with a search and arrest warrant, to 279 Rua Costa Sena, Ouro Preto," stated the spokesman without explaining, however, how they located the address.

The police presented the warrant to Azilia Maria Cabral de Sousa, the engineer's mother. Under the mattress in the room, there were five sticks of dynamite held together with durex, an alarm clock, seven electrical fuses, six large batteries with terminals tied together, a roll of adhesive tape and a length of fuse 2.5 meters long.

In addition to printed matter on the parties, copies of the newspapers TRABALHO and LIBERDADE E LUTA, classified by spokesman Brandao as

"Trotskyite, which preaches continual revolution," the DOPS found books by Trotsky ("The Lessons of October," "The Revolution Betrayed," among others), by Lenin ("The Failure of the Second International," "The Communist International Parliamentary Question" and others) and by Marx, all sold in bookstores.

Suspect

The spokesman said that the engineer David Maximiano de Souza, educated at the School of Mines in Ouro Preto, was known to security organizations as a leftwing activist. He reportedly was arrested in 1977 during the attempt to hold the Third National Students Meeting in Belo Horizonte and took part in the state teachers' strike last year.

According to the testimony of his mother, Professor Azila Maria de Souza, the engineer met frequently with some friends of whom she did not approve, and incited teachers' demonstrations.

Although he would not speculate on the possible connection between the engineer and the state professors' demonstration scheduled for 21 April 1980 in Ouro Preto, spokesman Brandao stressed that in his house there were hundreds of flyers inviting the city's teachers to attend a meeting on 20 April at 1500 hours, when their strike which is to begin Wednesday would be discussed.

Libelu

Police officer Jose Amir de Almeida of Ouro Preto said that after receiving the information about an assassination attempt, people in subversive movements or movements registered with security organizations were rounded up. The police were divided into teams and various sections of the city were raided.

Yesterday, Francisco Eduardo Chaves de Resende, a student of the Free Academic Center in the School of Pharmacy and Biochemistry of the Federal University of Ouro Preto said that the Libelu movement to which the engineer belonged, did not resort to throwing bombs; its work was limited to raising the consciousness of the masses.

9479

CSO: 3001

BRAZIL

DELEGATION EXPLORES INCREASED TRADE WITH PRC

Delegation Arrives in Beijing

Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 May 80 p 7

[Article by Mello Mourao from Beijing: "China Rates Brazilian Mission Highly"]

[Text] A group of businessmen of the BRASILINVEST mission arrived in Beijing Saturday night. The Brazilian delegation, headed by business leader Mario Garnero, president of BRASILINVEST, is the first to arrive in China after the bilateral trade agreement between the two countries. China held the first meeting of its joint commission last March.

Negotiations between Brazil and China are characterized by a systematic slowness which Mario Garnero decided to break on a symbolic date. The centennial of the arrival of the first Brazilian delegation in China, negotiated in Paris in 1880 by First Secretary Calado with the legation of the Celestial Empire in France, is being commemorated this year.

It was necessary, therefore, for 100 years to go by before a "band" of Sao Paulo businessmen would come here to try to open a Brazilian outpost in the jungle, which is for us practically a virgin jungle, in the world of Chinese business, although with a "handicap" of time which is not in our favor. Since the fall of the Gang of Four in 1976, everybody is here trying to do to China what was formerly done to America.

While bilateral trade between China and the United States reached nearly \$2 billion, that with Japan was more than \$4 billion, and other countries also show significant figures; countries such as France, Germany, Italy, England, Australia, Canada, Belgium, Malaysia, Singapore, and last but not least, Hongkong, had more than \$2 billion in exports, while Brazil marks time here with small end-of-market-day deals. Other than the \$200 million in petroleum we bought from China and the \$100 million of the line of credit opened to the Bank of China by the Bank of Brazil, the rest is small change. The Vale do Rio Doce Company and SIDERBRAS [Brazilian Iron and Steel Corporation] nibbled at the market. There are some soundings on the sale of services. The Horacio Coimbra Company sold some small cans of powdered coffee with difficulty, and we bought a couple of million dollars worth of chemical and pharmaceutical products.

Ambassador Aluisio Napoleao, who founded the embassy in Beijing and who today is a real Sinologist and a well-informed man on the territory in which he operates, told me that this is the way it is. The Chinese do not do anything unless a protocol is signed. This is natural since no one wants to play a game without first establishing the rules. These rules were signed in the first quarter of this year by the Brazilian government when Minister Azambuja of the Asia Department of Itamaraty was here for the first meeting of the joint Brazil-China mission. The minister with his team, and with the then charge d'affaires of Brazil in Beijing Helcio Pires, brilliantly established our spearhead in Asia.

But with respect to business itself, which is good, there was nothing, or almost nothing, accomplished. It is obvious that Itamaraty does not deal in buying and selling and it did what it had to do: it created the structure of the bilateral agreement, placed the tracks on the roadbed. For the rest, the embassy here is small and has only two diplomats in addition to the ambassador, a minister and a secretary. It had no trade office, and other than the diplomats, there are no trained or sufficient personnel for that type of work.

On the other hand, other than some exceptions not yet crowned by success, our negotiators who have arrived in China belong to the state companies. They are salesmen on a short leash, without the speed or the maneuverability of the snakes of the international market: the "China traders" of Japan, Europe and the United States.

The Mario Garnero mission brought, for the first time after the agreement (others came through here but there was no agreement at that time), a team of businessmen who have something to sell, know how to sell it and own the ball they kick around. They can argue, be flexible, find alternatives for their proposals, in other words negotiate, something which the state vendors cannot do and which after all is the privilege and the savoir faire of private enterprise.

The "China traders" with whom I have dealt here are used to saying that the biggest sale item in China is the bargain. Bargains, which do not exist in the stores, is a regular institution for official buyers of the People's Republic. Actually, in terms of western "marketing" you do not sell the Chinese anything. The Chinese buy from you.

Mario Garnero came exceptionally well equipped. In addition to the directors of three of the largest Brazilian newspapers: Boris Casoy of FOLHA, Evandro Carlos de Andrade of O GLOBO, Miguel Joao Jorge of O ESTADO DE SAO PAULO, and the press adviser of the organization itself, Jose Mauro Ribeiro Lobo, participating in the BRASILINVEST mission as if they had been specially selected for trade negotiations with China are: Simon Woiler, executive director of BRASILINVEST, Geraldo Baeta, general manager of SAITECIM--Tourist Agency Limited--Henrique Herweg,

executive director of Themag Engineers Ltd; Lin Suh Nan and Serge Hsu, who brought me a letter and a hug from Milton Vargas, both engineers of Themag Engineering Ltd; Sergio Lupatelli, president of Manasa--National Lumber, S.A.--who had the good taste to bring along his wife Vera Lucia Lupatelli; Eloy Fontes Lessa, director of FICSA--Financing, Investment and Credit, Inc; Jacques Siekierski, director-president of ITAP Inc.--Plastic Article Technical Industry; Paulo Roberto Penteado dos Santos, assistant to the president of Hansen Industrial; Osvaldo Fabio de Mello, industrial director of Samelo Shoes Inc.; Claudio Regina, president of the CAIO--American Industrial Bus Company; Harry Joory, president of Joory Inc.; and finally, our old acquaintance William King, president of the KTD of Brazil, our first "China trader" with offices in Sao Paulo and Hongkong.

The delegation is on a tight schedule in Beijing, departing on the seventh day for Shanghai after meetings with leaders of specific sectors of each branch. As far as the Chinese are concerned, those who know the country confirm that the government here rated the meeting on the highest level. Mario Garnero and his group had the president of the CCPIT--Chinese Council for Development of International Trade--a top agency for foreign negotiations, as their host. The mission has been given, therefore, a high prestige and today Wang Yaotin will give Mario Garnero and his party a banquet which several Chinese personalities will attend. The Brazilian newspapermen received a very rare honor, perhaps unusual in China, that of being received by the director of the NEW CHINA NEWS AGENCY, my good friend Mr Wang. They will also meet with the management and editorial staff of RENMIN RIBAO, THE PEOPLE'S DAILY, which incidentally publishes on its front page a photograph of a smiling Premier Hua Guofeng greeting President Sekou Toure of Guinea, the sixth foreign head of state who shows up here in the period of two weeks. Beijing is a constant festival of Third World presidents, and now President Mohammad Zia-ul-Haq of Pakistan is here also and the president of Sierra Leone is just leaving, and so forth. But that is another story.

Chinese Propose Binational Plans

Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 May 80 p 22

[Article by Gerardo Mello Mourao from Beijing: "Chinese Propose Binational Plans to Brazil"]

[Text] The BRASILINVEST mission headed by businessman Mario Garnero yesterday performed some intensive work within the exhaustive Chinese schedule. In the morning, Mario Garnero, accompanied by Sansao Woiler, executive director of BRASILINVEST, and Eloi Fontes Less of FICSA, had a long working meeting with leaders of the Council for the Development of Foreign Trade, whose chairman, Wang Yaotin led the talks for the Chinese side. At the same time, Engineers Henrique Herweg, Serge Jih

Usu and Lin Suh Na--all Brazilians despite their names--had one of the most important meetings of the day, talking with the Chinese of the Ministry of Water Projects at the proposal of the Brazilians from Themag for the work of the great Chinese dam of Xan Xia, which will be the largest in the world.

The Themag group spent the entire day in that meeting. Yesterday, Lupatelli, Skekierski, Claudio Regina and William King met with personnel of the Ministry of Industry and the conversations are acquiring a positive and promising aspect.

In a wrapup with his party that night, which served as a sort of briefing for the Brazilian newsmen, Mario Garnero, reporting on the conversations held, was even euphoric with the favorable direction of the proposals discussed. He himself had two meetings during those two days.

In the morning, in contact with the CITIP, a Chinese corporation which has more or less the same functions as our BADESP [Sao Paulo State Development Bank], the officials of that agency, which is relatively new in the administration of that country, expressed their intention of supporting binational endeavors with Brazilian investors. The construction of the gigantic Xan Xia hydroelectric powerplant--the "Three Throats"--is under way. It is the greatest planned in the world and for it the Brazilians will present preliminary plans provided by Themag. Xao Xia is programmed for an energy production equivalent to twice that of Itaipu and its cost is budgeted at \$12 billion for the operational part alone. Henrique Herweg, executive director of Themag, discussed the subject extensively, having brought various alternative plans, including one for the underground construction of the project for reasons of security. Underground projects are very common in China, where it is said that the city of Peking itself has immense projects underground, installed since the beginning of the Mao government, who was permanently worried about the possibility of a war.

The Chinese are willing to create financial consortiums in the area of petrochemical materials together with Brazil. Mario Garnero is not impressed with the great competition of the international market in which China has available \$1.2 billion, which have not been used up to now, as well as lesser credits such as the 300 million Belgian francs to be paid over a very long period.

The rates of exchange are another problem. Mario Garnero did not say it but there is the impression that many investing countries and organizations have extended credit to China at favorable rates as a market opening tactic.

In the field of agriculture, China wants business with Brazil, certain that a country such as ours with 28 percent of the tillable area of the world has the inexhaustible possibility of cooperating in the supplying of other regions. Mario Garnero was urged to prepare specific proposals in that area. The placement of agricultural machinery is not impossible, depending on the creation of joint ventures with Brazil, as has been done with investors of other countries.

Garnero also believed the meeting he had with the municipal administration of Beijing to be highly profitable, an area which is responsible for \$600 million of the total exports of the PRC and which desires to open new areas of exports. The municipality of Peking revealed that it was open and interested through proposals in the financial area through the mechanisms with which it works, very similar, for example, to the Sao Paulo Development Bank.

The region produces great surpluses for export of the raw material for the plastics industry, PVC, and with that article it is ready to embark on operations of exchange.

The president of BRASILINVEST believes that this is a highly positive opportunity. He is going to leave letters of intent in this respect, expecting to make a firm proposal soon, backed of course by a Brazilian purchase decided upon yesterday, to the satisfaction of the Chinese, for \$100,000 of samples of various articles, some of them for triangular negotiations to be placed in Canada and other countries.

Sansao Woiler, executive director of BRASILINVEST, together with Claudio Regina, dealt with the sale of buses and chassis. He did not have any great illusions about the chance of competing with the Japanese, owners of the market and benefitting from the advantages of shipping costs. In that respect he tried to sell the technology of the branch instead and the subject aroused a lively interest among the Chinese. Woiler believes that Brazilian technology is much better, including in quality, than the Chinese, although the Chinese have been surprising, in quality as well as quantity, as in the case of articulated, electric buses which travel through the city of Beijing. The creation of a joint venture for the purpose is not viable and the Brazilians believe that it is possible to find even greater opportunities in Canton, where they are going after tomorrow.

The Chinese invited the Brazilians to visit their factories, which is a highly positive fact because that way they will leave here knowing exactly what they can offer.

The possibilities of Brazilian imports of PVC are of the most positive. Yesterday the proposal for the negotiation of a package was made whereby we would buy the raw materials and sell the finished product. There were also two more alternative proposals: the creation of a joint venture for the manufacture of PVC in China or the supplying of technical assistance by Brazil.

The Brazilian firm present here which is specifically interested in that area is the ITAP, whose president Jacques Siekierski, surprised the Chinese when he told them that his company as an individual firm is the world's greatest user of PVC in the world.

Osvaldo Melo, director of the Samelo footwear factory, showed three samples: shoes, rubber and leather goods. The shoes should not have much chance but the rubber, a product called "couroliter," aroused great interest as did two types of black and brown leather of Brazilian processings.

Sergio Lupateli of Mansas--National Lumber, S.A., did not find a reception for economic reforestation because the Chinese are concerned with ecological reforestation, but they did show an interest in the supply of lumber for houses. Lupateli made it a point to emphasize the clarity, honesty and forthrightness of Chinese negotiation methods.

Powerplant

Henrique Herweg dealt in depth on what perhaps will be the first large project in China, the Xan Xia powerplant, which the Chinese ordered from Themag Engineering Limited. Herweg arrived in Beijing with two engineers of the company, invited by the Chinese to remain in the country as of now. Serge Hsu and Lin Suh Nan, the two Brazilian engineers, brought five alternatives for the project all ready with estimates on prices. One of the plans stipulates underground construction in caverns dug in the rock, the largest known in the world. The machinery to be used in the project weighs one million tons (that of Itaipu weigh 700,000). The Chinese were very interested in the report presented by Themag and in the Brazilian plants, but they are still struggling with financing problems.

The reservoir of the dam should flood an area inhabited by more or less three million people and its construction should take from 10 to 18 years. The Chinese government is still not too sure about the date on which construction should be started but installed power in China, which is only 62 million kilowatts, recommends the immediate initiation of work.

It is true that the Chinese would not like to entrust the entire project to just one contractor. In any case, everything indicates that we shall not be left out of the project.

Chinese Purchases Favor Brazil

Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 May 80 p 25

[Text] Beijing--Under equal conditions with products from other countries, Brazilian products as of now are preferentially purchased by China. However, those transactions are linked to the permanent equilibrium of the balance of payments between the two countries, which means that the sale of Brazilian products has to correspond immediately to a purchase of a like amount in Chinese products. This information is from the vice minister of foreign trade of the PRC, Chen Chie, who transmitted it yesterday to Mario Garnero, chief of the delegation of Brazilian businessmen organized by BRASILINVEST visiting the country, during a one-hour audience at the offices of the ministry in this city.

Chen Chie, who in 1974 signed the note of renewal of diplomatic relations between Brazil and China, received Garnero in the absence of Li Quian, the chief of the ministry, who is on a trip to Australia.

According to the chief of the Brazilian delegation, the vice minister expects the preference given to Brazilian products to increase trade between the two countries from the present \$250 million to nearly \$500 million in the next 3 years. Among the products which China should sell to Brazil are included petroleum, in a not-yet established amount, and coal. During the meeting it was emphasized that there is the need for a quick installation of a Bank of Brazil branch in Beijing and a China Bank branch in our country.

Finally, Chen Chie stated that this year seven Chinese trade missions will go to Brazil. One of them to buy iron and steel products, another with a view to purchasing steel pipe, a third for the sale of chemical products and another made up of specialists in native products and animal byproducts. Other delegations will seek exchanges in areas of transportation and machinery.

The Brazilian delegation went on to Shanghai yesterday, where it remained for a new series of contacts, leaving for Canton today where it will end its work.

Lumber

Still this year, China will send a delegation to Brazil from the General Chinese Corporation of forestry products. This was the result of the talks held in Beijing by the director of Manasa, Serio Lupateli, with authorities of the sector.

According to Lupateli, the Chinese show great interest in purchasing lumber products and economic reforestation, negotiations having been initiated for the sales of products and for a technology session. He sees good prospects in that field because Chinese authorities are worried about lumber supplies for the construction plans for new housing and furniture.

Also initiated were specific negotiations in the sectors of PVC pipes, packing materials and the sale and manufacture of buses.

The meetings by the Brazilian businessmen with the China International Trust Investment Corporation--CITIC--an agency directly linked to the Council of State--a sort of BNDE [National Development Bank]--are also promising, according to the businessmen who were received by the president of the agency. During the talks there were proposals for the creation of various joint ventures.

In the hydroelectric sector, Themag Engineering decided to keep two of its engineers in China. They are members of the delegation and will watch over the development of studies having to do with proposals offered by that company to the Chinese. They should remain in Beijing for another 3 months.

In the name of BRASILINVEST, Mario Garnero invited several Chinese trade officials to visit Brazil. Among those invited is An Gang, chief editor of THE PEOPLE'S DAILY of Beijing, the official organ of the Chinese Communist Party.

8908
CSO: 3001

BRAZIL

UNEMPLOYMENT, INDUSTRIAL PRODUCTION INCREASE; COMMENT

IBGE Reveals Unemployment Figures

Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 May 80 p 27

[Text] Unemployment and underemployment affect 1.5 million people in the metropolitan areas of Rio and Sao Paulo, according to figures provided yesterday by the president of the Brazilian Institute of Geography and Statistics [INCE], Jesse Montelo.

The research, carried out on the basis of a sampling of 12,055 residences in Rio de Janeiro and 9,713 in Sao Paulo, was limited to the urban areas because its organizers believe it is there where the largest population concentration are located which have the greatest needs for infrastructure and the greatest social problems. No figures were provided on the situation in Porto Alegre and Belo Horizonte.

Manifest Unemployment

In Rio, in absolute numbers, according to the IBGE research, up to March there were 284,836 unemployed, who on the average had been without work for almost 4 months (3.93 weeks), 17 percent of whom were heads of families. In Sao Paulo, also in the metropolitan area, the number of unemployed up to March was 337,423.

At the same time, the IBGE also researched numbers having to do with underemployment, that is, those persons who worked fewer than 40 hours per week or those, who even though they worked more than that, still received less than the minimum wage last March. In Rio, this number exceeded the number of unemployed, reaching a total of 294,496 persons. In Sao Paulo it reached 264,825 persons.

Discrepancies

Some figures of the IBGE research appear to conflict with each other, which was explained by the president of the organization as resulting from the preliminary nature of the research.

The apparent contradictions reside in the fact that the number of dismissals was found to have been reduced--41 percent fewer in Rio at the same time that a rise in the percentage of manifest unemployment is noted between January and March from 7.9 percent to 8.1. Also apparently conflicting with this result is the confirmation that the number of employed people in Rio de Janeiro increased two percent between January and March.

Also according to the opinion of employed persons, there has been a decline in the absorption of manpower in civil construction alone of six percent. However, this situation changed in March when an increase of 1.9 percent took place. A reduction of two percent in the number of employed in the area of business and an increase of .7 percent in the transformation industry also took place, while the absorption of manpower in the service sector remained stationary.

For the metropolitan area of Sao Paulo, the IBGE found increases of [number illegible] in the transformation industry, .1 percent in civil construction, .25 percent in other sectors, and a decline of .7 percent in business.

However, the basic contradiction between IBGE figures and reality resides in the fact that according to the agency itself the increase in the economically active population in the metropolitan areas of Rio and Sao Paulo would be in the range of 4.5 percent a year.

Brazilian Production Increased

Sao Paulo GAZETA MERCANTIL in Portuguese 26, 28 Apr 80 p 8

[Text] Brazilian industrial production increased by 8.92 percent in the first two months of this year by comparison with the same period of 1979, according to "Industrial Indicators of the Moment" published by the IBGE. This growth represents a recovery compared to the last months of 1979, although it reveals a decline in activity with respect to the same period in 1979 [as published].

The increase over the last months of 1979 was accentuated in February. The mining extractive sector led that increase with a rate of 3.85 percent greater than that of January, compiling with that a two-month increase of 26.6 percent with respect to January and February 1979. Other sectors which had a positive activity were perfumery (7.72 percent), pharmaceuticals (5.17 percent), rubber (3.24 percent), textiles (1.67 percent),

and metallurgy (.93 percent). In those areas the products which led in the increase were toilet soaps, anti-inflammables, tires for tractors, agricultural machinery, trucks and buses, among others.

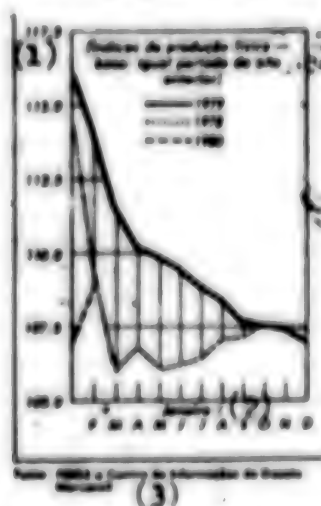
Declines

The lowest growth was that of fruit juices in the beverage sector with a negative rate of 38.62 percent. Negative rates were also recorded by cigarettes (18.61 percent), plastic materials (15.85 percent), transportation materials (14.45 percent), electrical materials (13.76 percent), leather footwear (11.14 percent), food products (7.93 percent), machine industry (7.35 percent), chemical industry (5.53 percent), paper and cardboard (5.43 percent) and nonmetallic minerals (5.43 percent).

The employment of manpower in industry in January (February figures have not yet been calculated) had an increase of 1.33 percent by comparison with January 1979. The greatest reductions in the level of employment took place in the tobacco industry (3.15 percent) and in pharmaceuticals (2.66 percent). The greatest increases were in the sectors of the machinery industry (9.32 percent) and paper and cardboard (5.21 percent).

Consumption of electrical energy in the transformation industry increased 11.85 percent in January by comparison with the same month last year, maintaining approximately the same ratio of increase noted between the same periods of 1979 over those of 1978 (11.94 percent).

Still according to IBGE figures, the sectors which showed the greatest growth rates in the consumption of electricity were plastic material products with 36.75 percent. Perfumes, soaps and candles also consumed more energy, with an increase of 29.34 percent. Only one industrial sector, rubber, showed a decline in its consumption with 3.64 percent.



Industrial Production

Key:

1. Rates of physical production on the basis of a similar period of the previous year.
2. January
3. Source: IBGE Foundation and GAZETA MERCANTIL information center.

Recession Indications Exist

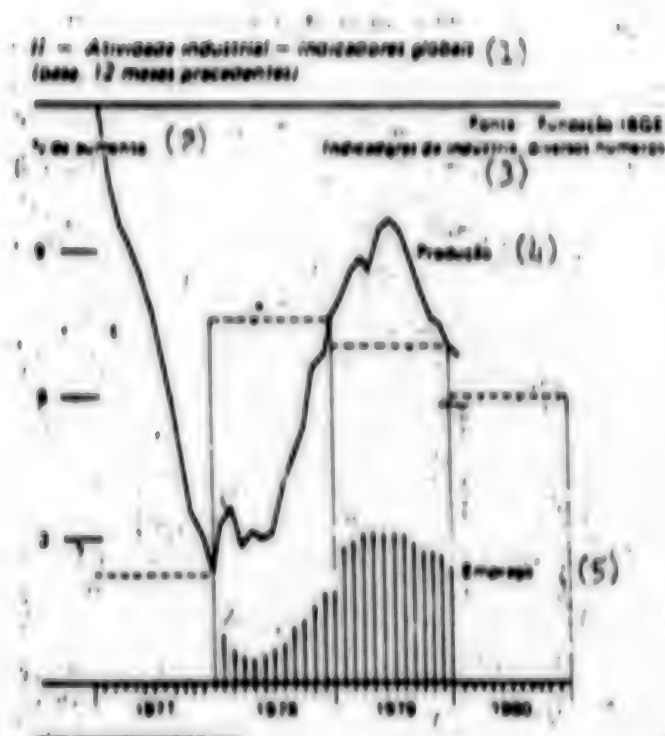
Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 May 80 p 23

[Article by Eduardo M. Suplicy: "Tendency Exists"]

[Text] Today the minister of planning, at a lunch sponsored by financial institutions, will try to inject optimism into the worried Sao Paulo businessmen with respect to the future of the Brazilian economy. Coming from Formoso do Araguaia in the interior of Goias, where he went yesterday to visit an irrigated rice project, Antonio Delfim Netto is euphoric with the possibilities of building a "new Brazil" in the rural areas, at the same time that he does not hide his ill humor with those who in the large cities disagree with the conduction of the economic policy. There are different truths or facts which the minister cannot fail to acknowledge. In his brave talk yesterday in Goias, Delfim Neto declared that Brazil "is truly in a recession, a recession of national intelligence, a recession of the will to progress, recession of knowledge of the great national problems."

While today there are rumors of recession, this is due basically to the behavior of the principal indicators of production and employment in the industrial sector of the economy, as well as to the various instruments which the government is using to contain the rate of activity in the various sectors other than agriculture. The graph published in CONJUNTURA ECONOMICA for April, shown above, unequivocally shows that since the middle of 1979 there was an accentuated decline in production growth rate and job opportunities in industry. There is no news that such industrial slow-down is having significant effects on business up to now. It is possible that the prospects of a good agricultural performance is being enough to partially neutralize the decline in the growth rate in other sectors. However, that evidence cannot be denied.

Traditionally, however, recession has been the instrument used by conventional economists to contain inflation. It is possible that Minister Delfim Neto does not like the term but a large part of the measures he adopted since the middle of last year had the purpose of promoting the cooling off observed in the industrial sector, including with a view toward diminishing the rate of demand for labor.



Key:

- | | |
|--|--|
| 1. Industrial activity overall indicators (based on 12 preceding months) | 3. Source: IBGE Foundation "Indicators of Industry" several issues |
| 2. Percentage of increase | 4. Production |
| | 5. Employment |

Netto Confident On Economy

Brasília CORREIO BRAZILIENSE in Portuguese 8 May 80 p 9

[Article by Prota Netto: "The Minister Bets on the Growth of the Economy"]

[Text] The figures indicating the level of employment in Sao Paulo and Rio de Janeiro, with their slow development contrast with the rate of industrial activity shown by the IBGE indicators. This is one of the points which has been fueling the figures of the debate on the dangers that the national economy is heading for a recession despite the insistent and constant government pronouncements that the road for emerging from the crisis is economic expansion.

Only yesterday in Rio Formoso in the interior of Goias, Minister Delfim Netto made a heated statement against what he seems to consider "recessionist sermonizing." It is to be noted in the ministerial talk that Delfim makes a specific identification of those who say that a recession is the solution for the crisis, with those who have defeat as a

foregone conclusion as an economic position, with those who have pessimism as a political inclination and with those who assume negativism as a social condition.

Today, during an event honoring Minister of Planning Delfim Netto to be held by Sao Paulo businessmen, he will have a new opportunity to beat the drum of antirecessionism. However, he will have to go a bit further than he did in Rio Formoso, where the tone of his speech and the content of his pronouncement had the aspect of the lightning which precedes the thunder.

In Sao Paulo, some businessmen do not seem to be satisfied with the direction and the formulation of the government-capital dialog. Among them is Claudio Bardela, previously identified as expressing the identity of opinion of a large number of national private capital leaders. However, it must be noted that it does not appear to be accidental that Bardela has avoided making critical statements against the economic administration of the country for some time, as he used to do when Simonsen was minister of finance or minister of planning. At the end of the Geisel administration, relations deteriorated to such a point that there were even those who harbored the suspicion that a break had taken place. That break was avoided when Geisel visited the installations of CONFAB marking a sort of armistice.

Moreover, there is a "however." Bardela is going to find a difference between Delfim and Simonsen. The present minister of planning has a reservoir of knowledge which covers the typical and atypical behaviors of the Sao Paulo business community. It was among the businessmen of Sao Paulo that Delfim began his career as an economist.

In some way, therefore, the ministerial pronouncement of the gathering today should be much more significant and indicative than his talk in Rio Formoso yesterday. Moreover, it will be the tone that Delfim uses today that will be an evidence of how the government-industrial enterprise relations are going to be harmonized at this precise national economic moment.

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CSO: 3001

SMALL PARANA CITY LEADS IN SOYBEAN PRODUCTION

Rio de Janeiro MANCHETE in Portuguese 3 May 80 pp 76-80

[Article by Ateneia Feijó: "Palotina: The Golden Paradise of the Soybean Kings"]

[Text] More than a status symbol, the Texan hat is a whimsical vanity of the old man Baldo Engler. And more than the owner of the Dallas Hotel in Palotina in the western part of Parana, Baldo is one of the largest soybean-growers in Parana. With his sons, he harvested 1,560 tons in 200 alquieres of land. In yield, he is one of the soybean kings in Brazil. His average yield was 130 sacks per alquiere. The maximum? One hundred forty-eight sacks. Whoever knows the slightly undulating plains of the region, which 20 years ago were still covered with a real subtropical forest, knows of the fertility of Palotina and of the terrible fights between homesteaders and settler companies, between legitimate owners and land jumpers. However, while previously the municipality was the paradise of ruffians, today, despite litigations still existing, the story is another. With 35,000 inhabitants in almost 1,000 square kilometers, Palotina is being singled out as the capital of Brazilian soybeans. It produced 4.5 million sacks. Who has doubts about the kingdom of Baldo Engler?

Before the Englers conquered Palotina, Amadeo Piovesan was already acquainted with it. He arrived in 1954 in a caravan organized by the Palotina priests of Santa Maria of Rio Grande do Sul. While the religious wanted to extend their apostolate to other regions, Amadeo sought the realization of a dream: to find land which could be worked with machinery. Where he lived the land was mountainous and hard to work. He brought his father to see with his more experienced eyes, whether it would be good business in the future. The patriarch approved and 3 years later they were living in Palotina. But there was forest to be cleared. In 1968 he tried pulling stumps with a tractor with treads. It was a step toward mechanization. Today Amadeo is the president of the local cooperative which is included among the 10 agricultural-livestock enterprises with the greatest capitalization in Brazil.

The land was leveled and prepared to receive the yellow soybeans. They sprouted like any bean: two delicate little green leaves. Then they began to grow and acquired abundant foliage. They turned into a bush about 80 centimeters high. They matured and began to grow small green, fuzzy pods. Then the leaves yellowed and began to fall off. The pods turned golden and the stems became dry and held only the clusters of pods, also dry and fuzzy and dirt colored. It was harvest time. On the large plantations, where normally there is a network of storage places, the graneries received mountains of soybeans.

The Englers and the Piovesans repent of the same sin: irrational felling of trees. Baldo Engler regrets and assumes the responsibility for having chopped down the groves of trees along the river banks. "The Azul River turned red and was never again clear. The fish died. To recover, there were two options: reforestation or the planting of pastures. We planted grass along the banks and the pond water cleared up." Anadeo Piovesan justified this ecological violence: "We began in 68. Up to that time only a third of it had been cleared off. From that time to now, we chopped down the rest."

At 20 years of age, the city of Palotina is a well-behaved young lady. She is pretty, with asphalted avenues, gardens in the squares and shady sidewalks. It is located 623 kilometers from Curitiba and has eight branch banks, a highschool, agricultural and business schools, two hospitals, a radio station, a little local newspaper, telephone, and one of the largest cooperatives in the country. However, not even with the largest soybean crop of its life, did the young Palotina become excited or lose its calm. Business remains idle and the streets are almost empty. Only the air became lighter and easier to breathe. With the profits of this year, old debts will be paid. The rich are in the fields finishing the rest of the harvest or preparing the land for planting wheat. "If they stop working, they will become poor again." Among them is "King" Baldo Engler with his sons Irineu, Guido and Ercio, and his son-in-law Ricardo. Hotel owner, cattleman and farmer, the economic power of his "kingdom" is maintained by the family group. Each one is responsible for the administration of one sector and all are responsible for everything. Not even the father, any of the brothers or their brother-in-law, does anything without consulting the others. The advantage is that each receives 20 percent of the profits. On the debit side, decisions, expenses and losses also have to be divided up. In a soybean crop, for example, they have to harvest a minimum of 50 sacks per alqueire to cover costs. But each crop is a story. While there were losses in the last ones because of drought, this year it rained every 8 days. That is what soybeans like. And even the insects were friendly, allowing the Englers a profit of eight million cruzeiros. "We are going to increase the areas for planting and livestock, buy more land. We are going to enlarge the hotel, make a restaurant and have a heated swimming pool to provide more comfort to the travelers: insecticide, fertilizer, implement and office furniture salesmen, directors and inspectors of

firms, insurance agents, agricultural aircraft pilots, retailers and wholesalers."

At the Colonia Cinco Mil, where the Engler plantation is located, an alqueire of land is selling for 250,000 cruzeiros. They are the best lands in Parana. "Whoever knows this, pay it." However, things were not always like this. In March 1965 the departure of the Engler family from Criciumal, Rio Grande do Sul, for Palotina was an adventure. While the Dallas Plantation now has 250 alqueires for planting in soybeans, wheat, corn and pastures, 150 head of cattle, truck garden, a pond with fish, a reasonably large number of machines and nine families of hired help (a total of 30 people), everything began with a wooden hotel with a pig-pen alongside. At age 62, Baldo Engler remembers the time--not so long ago--when Palotina was a wilderness." We cleared 40 hectares by sheer strength; with oxen, with manpower, pickaxes and hoes, until 1970, when the tractor came. In 1972, hogs were providing us with a 5-percent loss. We sold the hogs and we began mechanization of wheat and soybeans. First I bought 105 alqueires, then 20 here and 30 there. At the end of the year it was a standoff. It did not pay. I had to pay expenses, the tenant farmers. I cultivated this here for the sons, who at that time were in school and were still small. However, I am thinking of buying land in Mato Grosso. I want to amass something for the grandchildren and to provide more work for the people. If I find an area I will begin to produce, moving slowly in measured steps. The people over there are Gauchos, owners of areas which did not cost them anything. Now they want to become rich through the sale of land alone. To begin a plantation, that is not a game." For Baldo, because of a question of upbringing (Brazilian) the Indian is not thought about. Since the main goal of the successful is almost always the purchase of more land, the concentration of property in Palotina is more and more accentuated.

In 1972 there were 103 municipal schools with 9,675 students. Today there are only 46 with 2,862 children. There is no doubt that the population has declined. Nor is there any doubt that one-third of the fields of Palotina are in the hands of some 200 large landowners. A little bit more belongs to some 400 plus medium-level owners and the rest to 3,000 small landowners. One of the characteristics of the region is the high turnover in farmers. Wheat and soybeans do not tie a man down like coffee, for example. In addition to being seasonal crops, mechanization does away with the need for manpower and has caused a rural exodus. The great development obvious along the edges of the asphalted highways belongs to the privileged. The small farmer has trouble obtaining credit and financing, aggravated by the status of the land on the border strip (150 kilometers on the border with Paraguay) or in litigation. The small farmer finds it difficult to become involved in a legal battle. Baldo Engler himself, the nephew of one of the Germans who came as soldiers to defend Brazil in the war with Paraguay.." That is what they told me, I do not know,"--recognizes the battle of the small farmer. "I myself bought much land from those who wanted to sell

to acquire better areas in more primitive places. I bought 10, 12, 15 alqueires. The majority of these farmers went to Acre, Rondonia and Paraguay. One group went to the Itaipu powerplant because they did not want to have anything more to do with farming. Sometimes five families lived on one place. One would have two alqueires. It did not provide enough to live on. It was better to work as an employee."

Moreover, while the plateaus and the less undulating lands belong to the farmers who use machinery, the broken land which is hard to work belongs to the farmers who use hand labor. Along the dirt roads which snake along the hills there are farms which are still in the pioneer stage of settlement. Such is the case of the 10 alqueires belonging to Joao Larentes, who built his own house of lumber and painted it blue with yellow windows. At 46 years-of-age, spectacles with very thin gold rims, with a mustache and sideburns, Joao is eloquent: "I bought them from Luiz Bonisano for 14 contos [14,000 cruzeiros] in 1957. Only the rights. They were not measured. At that time they did not speak of ownership. A year later they were measured by the land inspection office. I paid another 25 contos to the state to clear things up. I have a title. This is a colony, it does not have documentation. Married to Alicia (43 years of age), he has five children. Joao and his wife came from Rio Grande do Sul also, from a place near Ijuí. "Soybeans have been profitable for 10 years. We began planting them 3 years ago. They do not yield much because we have to work by hand. We planted two and one-half alqueires and we have already harvested 150 sacks; with family manpower, by hand. In the kitchen with its worn board floor and its wood-burning stove, where the Last Supper and the calendar with the Sacred Heart of Jesus proclaim the religious nature of the house, there is a novelty: the consumption of soybeans as daily fare. Taught by the social assistance office of the Secretariat of Agriculture center in Cascavel, Alicia and her daughters know how to make milk, cookies, puddings and porridge from soybeans.

To make milk they soak soybeans for 12 hours. They then hull the beans which are put through a grinder. Then they make a mixture of one cup of the meal to three cups of water. They heat it and allow it to come to a boil three times then strain it through a cloth. It turns out just like cow's milk and even has cream. However, they are not going to abandon the mate (native tea), or the four cows, the pigs, chickens, ducks and geese. Joao explains: "I used to hear the old people say about the times of my father that there would come a time when the people even with sacks full of money were not going to find anything to eat. The old ones came from Europe. We are in a similar period. Here in this very region, soon all we shall have is soybeans. For those of us who work hard, the important thing is the fatness of the pigs, the best meat there is, the one with the most vitamins that I know of; the beans, rice, corn,

manioc and potatoes we plant for our own use," Soap is made from the entrails of the cows and pigs. Broomstraws are grown. The cheese, canned food and preserves for winter are homemade. From the sale of soybeans they intend to pay the bank debt of 60,000 cruzeiros borrowed to electrify the farmhouse. Soybean prices and Brazilian and world news are heard on the radio, the luxury of the house. On the story of the mandatory tax, he has a wise conclusion: "The tax was for the large operator, however, the one who is going to pay is the small one. Because everything is going to be discounted from the price of the soybeans produced by the people. The government should know that the people are like a machine. When everything is right it produces marvelously. When something is out of place, it breaks down..."

That is the way life is in the golden paradise of soybeans.

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CSO: 3001

CONSUMER PRICE INDEX RISES IN APRIL

Santiago EL MERCURIO in Spanish 6 May 80 pp 1, 12

[Text] The CPI for April increased 2.5 percent which means annual inflation rose to 9.8 percent. The figure is slightly higher than in the first 4 months of 1979 when it was 9.6 percent.

Sergio Chaparro, national statistics director, gave this information yesterday. He indicated that, of the 348 products in the monthly sample, 240 went up in price, 58 went down and the rest (50) stayed the same.

The CPI was 152.47 on a base of 100 for December 1978.

Commenting on the figure for April, Sergio Chaparro revealed: "The trend is positive because if the present level of the index is maintained, we will end the year at 30 percent or less." He recalled that inflation reached 38.9 percent in December 1979, "influenced by the rises generated by increased oil prices during the months of July (3.6 percent), August (4.7 percent) and September (3.9 percent)."

He indicated that, in his opinion, the behavior of the CPI and that of wholesale prices reveal "a containment of the inflationary process." The wholesale price index for April rose 2.2 percent. This figure is the lowest (for April) since 1968 with the exception of April 1971 when it was 1.2 percent.

In the food category, the products that increased in price were eel (30 percent), eggs (10 percent), jurel (29 percent), bananas (8 percent), lettuce (22 percent), cabbage (8 percent), potatoes (16 percent) and wine (13 percent).

The following went down in price: processed wheat (3 percent), stew (6 percent), chicken (3 percent), sausage (4 percent), oil (2 percent), avocado (7 percent), light oil (7 percent) and squash (17 percent).

Other products that rose in price were jackets, men's shoes, medical consultations (8 percent), parking (15 percent), stadium tickets (4 percent),

newspapers (1.38 percent), cigarettes (4 percent) and shampoo (6 percent).

Individually the "food" category showed an increase of 2 percent, "housing" rose 2.9 percent, "clothing" rose 6 percent (for seasonal reasons) and "miscellaneous" increased 2.2 percent.

Production

The director of the INE [National Statistics Institute] gave figures on industrial manufacturing production for February. The indicator of physical volume of production, according to the INE, increased 11.3 percent that month compared to February 1979. SOFOFA [Industrial Development Association] gave an increase of 5.2 percent for that same month. The average rate for the period January-February 1980 was 11.4 percent higher than in the same period in 1979.

Of the 20 industrial groups surveyed, seven showed decreases in monthly production. The rest increased between 7.1 percent and 179.5 percent (furniture and wood accessories).

Employment

Concerning employment, the statistics director presented a document called "National Employment Survey," Greater Santiago. It shows that total unemployment for the period January-March was 12.2 percent of the work force which, in absolute terms, means 154,600 people without jobs.

In the period January-March 1979 this number was 14.8 percent of the work force; that is, 187,900 unemployed people. In January-March 1978, unemployment was about 13.5 percent and it reached 15.7 percent in the same period in 1977.

7717

CSO: 3010

FURTHER DETAILS ON JET AIRCRAFT CONSTRUCTION REPORTED

Santiago EL MERCURIO in Spanish 15 May 80 pp 1, 12

[Excerpt] In 1984 or 1985 Chile will be in the position to manufacture a modern jet airplane by license from another country in addition to basic training models for its armed forces.

This announcement was made yesterday by Gen Fernando Matthei, commander in chief of FACH [Chilean Air Force] and member of the government junta, during the ceremony presenting commemorative medals to 11 people who worked in the first airplane factory in Chile in 1931, a branch of a U.S. enterprise.

General Matthei also announced that he signed the development contract for a training airplane to replace the Mentor yesterday. It will be designed totally by Chilean engineers.

He also said that last week "the necessary funds to continue the work of assembling the Piper Dakota airplane in Chile" were allocated. In the second half of this year, that work will include greater national integration which will mean an obvious savings in foreign currency. He added: "We plan to enter the manufacturing stage next year for which assembly is an indispensable prior step."

Concerning the airplane that will replace the Mentor, the top official of the air force stated that if the prefeasibility study shows proper results, we would proceed to design. He said: "It is an airplane that will be constructed entirely in our country except, naturally, for obvious things like the motor and instruments which there is no reason to make here."

Adequate Planning

General Matthei stated: "Along with the manufacture of a basic training airplane, our programs also include the assembly and construction of a modern jet airplane, naturally by foreign license. This would not be next year but in the more distant future. We think in 4 or 5 years but we must

begin to plan now in order to be able to act then. Any aeronautics project takes that long." He added that since these matters are so complex and technical and require large investments, they should be planned. It is indispensable to train the personnel, buy modern parts and certain machines that do not exist in the country.

"We can manufacture airplanes," General Matthei said, "if we are not too ambitious and we aim very conscientiously at the domestic market of our air force first. If that shows possibilities, we can think about exporting. However, it should be a very well planned thing; we do not want to fail," he emphasized.

He ended by stating that if there are inadequate installations, there cannot be modern airplanes since maintenance would not be feasible.

First in South America

At the beginning of the ceremony in General Matthei's office in the Diego Portales Building, Max Flores--representing the group honored--gave a speech in which he recalled some aspects of their mission. He said that, in April 1930, they--25 youths--traveled to the United States to visit the Curtiss-Wright factory and train for the tasks of airplane construction that that company planned in Chile.

After 6 months of training, they returned to the country and worked at the Chilean Aeroplane Factory in Los Cerrillos, the first factory in South America. In 1931 it had to close its doors. However, it delivered 10 Curtiss-Falcon biplanes to the new air force. Those installations were purchased by National Airlines for teaching.

Finally Flores recalled that 50 years after that date, part of the initial group met to give homage to the 50th anniversary of FACH. They gave its commander in chief a document which they all signed.

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CSO: 3010

BRIEFS

EXPORTS UP 70 PERCENT--According to the Foreign Trade Office of the Central Bank yesterday, total national exports during the first quarter of the year increased 70 percent over the same period last year, reaching a value of \$1,270,200,000. A report issued by that bank also indicated that total imports increased 69 percent, reaching \$1,191,800,000. Foreign trade in the country consequently totaled \$2,462,000,000 in the first quarter of the year. Official estimates are that it will total more than \$10 billion in 1980, "an unprecedented figure in our history," according to Central Bank. Shipments of exports (merchandise shipped abroad, can be divided into \$919.6 million in traditional products (an increase of 80 percent compared to last year) and \$350 million in nontraditional goods, a 47-percent increase. Traditional products include copper (sales abroad totaled \$622.7 million in the first quarter), saltpeter, iodine, molybdenum, cellulose, paper, cardboard and fishmeal. Part of the large increase in exports of these products was due to "the higher international price for copper and molybdenum this year," according to the Central Bank. In nontraditional exports, the largest sales were recorded in fresh fruit (\$51.8 million), lumber, wool, beans, lentils, onions, canned and frozen fish, algae, etc. The \$1,191,800,000 in imports in the first quarter can be divided into \$250.7 million for consumer goods, \$246.7 million for capital goods and \$694.4 million for intermediate goods. The high volume in this last category and its sharp increase compared to last year (83.9 percent) was due "basically to the increased prices of raw materials like crude oil, wheat, raw sugar, barley and corn." It was also reported that imports by the public sector during this quarter only represented 27 percent of the total with most of them oil purchases. [Text] [Santiago EL MERCURIO in Spanish 15 May 80 pp C-1, C-6] 7717

CSO: 3010

'END OF CUBAN MYTH' SEEN IN REFUGEE DEPARTURE WAVE

Caracas RESUMEN in Spanish 18 May 80 pp 58-62

[Text] Once again there are rumblings in Cuba, the queen of silence for 15 years: demonstrations, clubbings, indignant citizens, persecution, escapes, shootings and often irate speeches. By a strange coincidence, in the noisy world of those who once applauded Castro in spite of the evidence, there is but pathetic silence, like the silence that began to surround Stalin when the Stalinists started their tardy shift.

Observers know that something is afoot. The common people do not dare to challenge the government when it is solidly entrenched.

It is more than possible, even likely, that the myth has begun to collapse, giving way to the unpleasant dame reality. Those of us who shared that illusion cannot avoid a strange mixture of feelings in realizing that of those plans, nothing will be left but a vacuum, a vacuum in ideas, a vacuum in action. It is time then to take another look at the myth.

In a single night, 10,000 persons took refuge in the Peruvian Embassy. A few days later, 2,000 persons attacked the American Trade Mission, that monster from which Cuba managed to free itself, and over 400 sought asylum after a pitched battle with armed elements who, according to Castro, were "indignant citizens." The day before, a crazed driver drove his car into a demonstration of "indignant armed citizens" in a barrio and was immediately riddled with bullets. Against whom are these enraged citizens protesting? Against those who want to leave. Judging by all indications, we are once again in 1960 and the question is the same: How many Cubans want to leave? A million more? Two million more? Why do so many Cubans want to leave Paradise? Or is that Paradise only a myth?

Myth of Fidel Castro and Other Myths

The Fidel Castro myth began some 30 years ago at the University of Havana. The first written evidence of what that myth promised was a famous speech made during the trial following the attack on the Moncada Barracks. Specifically, it promised to restore democracy and justified the attack in the name of an article in the constitution that spells out the right of peoples to take up arms in opposition to governments that are not the product of free elections.

When Batista finally fell and without the citizens of Cuba ever being informed that the final purpose was to establish communism, the myth was erected by means of empty promises worth recalling: "Neither bread without freedom nor freedom without bread," "Neither to the left nor to the right; one more step ahead."

Above all was the phrase that said, "There will be no real freedom of expression until all Cubans can say what they think without any need to wait and see what the newspapers say."

It would appear that that time has not come. It would appear that there is neither freedom nor bread and that the myths -- all of them -- have to be looked at again.

How Much Was True? How Much Was a Lie?

The myths about the Cuban revolution, some of which were unfortunately indestructible, could be summed up as follows: the 20,000 persons who died under Batista, when there were actually less than 300; the myth of the worker-farmer revolution, which in practice was a revolution of young people from the middle class.

Then there is the myth of Havana, the corrupted city, which is apparently now impossible to erase, despite the fact that Havana was a joyous city with a virtuous provincial family life. Only fools confused its unforgettable charm with a corruption for tourists.

Another myth was that of underdevelopment, since Cuba was the country with the highest standard of living on the continent, which is no longer so.

Finally, there was the myth of Fidel Castro as a Marxist leader, inasmuch as without a doubt, the quality that enabled him to guess precisely the correct strategy for taking power was his total ignorance of the entire intricate and useless theory of the dialectic.

The real problems of the Cuban situation in the early 1950's were basically three in number and a realistic examination of them is instructive for those who love democracy and do not wish to see it destroyed.

The most corrosive element was the administrative corruption of the Cuban democracy, basically typified by two men, Ramon Grau San Martin and Carlos Prío Socarras, whose governments were actually both things: democratic and corrupt. The longing which we Cubans now feel for that freedom should not make us forget the fact that it was that corruption which opened the way to this tyranny.

The decisive factor that opened the way to the insurrection was the military dictatorship of Batista, which actually was a "soft" dictatorship [play on words: *dicta-blanda*, in contrast to *dictadura*], but nevertheless opprobrious and equally corrupt at all levels. This is another useful lesson: The military response is not a check, but rather, an acceleration leading to other tyrannies.

The underlying theme of the entire cantata was the economic dependency of Cuba on the United States, which was a fact and apparently envied by many now flirting with the possibility. Like a gigantic showcase, Cuba had the richest market on the planet only 90 miles from its shores. Viewed more calmly now, the problem does not seem at all serious. The response to that situation, in the hearts of the vast majority of the Cuban people, was an honest democracy, an independent economy. The light of subsequent events should serve to help us measure what was gained and what was not gained.

Myths Left Along the Way

Among the myths left along the way is a long list of traveling companions who were heroes and now are corpses, in exile, prisoners or aspiring candidates for the firing squad.

At one time or another, they all made mistakes. The crime of Hubert Matos, now free after 20 years in prison, was to have loved democracy. Sorí Marín was shot after serving as both major and minister. His crime: trying to overthrow Castro when he became convinced that there would never be elections, a thing time seems to have confirmed.

Gutierrez Menoyo and David Salvador were condemned to death but their sentence was suspended. Their crime: being in the service of a foreign power, in the opinion of Castro, who is obviously serving another foreign power.

Rolando Cubela, former major and a hero of the fight against Batista, received the death sentence, which was suspended. His crime: trying to overthrow Castro, based on the same article of the constitution that Castro evoked 20 years ago at the Moncada trial.

Camilo Cienfuegos is strangely missing. His probable crime: having an independent personality which the Soviets could not manipulate. Pedro Luis Boitel died as a result of the hunger strikes he staged in different jails. His crime: aspiring to the presidency of the Student Federation without Castro's approval.

As we can see, every death is a piece of the original mythology that is coming apart along the way. We have now but one more lie to contradict: that of nonintervention in the affairs of other countries.

Castro's Accusations Against Venezuela

That vociferator who now speaks amidst silence instead of the enthusiastic fervor he once knew accuses Venezuela of interfering in the affairs of El Salvador.

What is he talking about?

Some 40,000 Cuban soldiers are in Africa with Soviet weapons and Soviet training: in Angola, Ethiopia, Mozambique, the Congo. In Guinea, an insane emperor, Macias, used them to keep himself in a government that was a puddle of blood. Why? Because it suited Russia. In Ethiopia, they are crushing Eritrea's right to independence and fighting against the Somali democracy. In Angola, they are being used to crush defenseless tribes using Russian tanks.

What is he talking about?

He speaks about independence from the United States when he was the only one to approve the invasion of Czechoslovakia. He was the first to break with China, when the Russians broke with China. He was the only one to approve of the invasion of Afghanistan.

Something Is Happening in Cuba

That city in turmoil which so many people want to leave after 15 years of silent calm is obviously the symptom of something. Why accuse Venezuela? In order to break off relations. Why demonstrate in the streets? In order to frighten those who have dared challenge the regime. Why those foolish remarks that they no longer answer in chorus? Because the regime has perhaps begun to crumble.

Cubans who have left the country and who are beginning to enjoy the backing of history, which will not absolve Castro, and many of those still inside the country and who have had to live the tragedy of their discontent must realize that the time of the collapse has come. That and other myths are being looked at again throughout the world. Cuba will not be able to avoid the ground swell that is coming.

The break in relations with Venezuela that Castro is seeking will only benefit Castro: Let him do it. The events that are occurring in Havana, the massive, desperate flight and the obvious desire of a collective stampede only prevented by terror should also make us reconsider the widespread myth of that corrupt city that visibly no one wanted to leave even with Batista, when a ticket to the United States cost scarcely \$40 and when a visa was automatic.

Castro's friends and his obedient traveling companions have succeeded magnificently in destroying that image.

Time, too, will restore the truth. One poet in exile wrote of Havana: "...the city that those who envied your singular qualities called a brothel; fair city that sprang up in the Almendares and crept along the sea to the port, to Guanabacoa, to the playful beaches, the tumultuous barrios."

It is that same city which so many now want to leave, where the club is the law, where terror prevents flight and envy of the neighbor's freedom is the deep-seated theme of anguish.

It is the same city that 20 years ago was: "the *salsa* that everyone else imitated, the beat that every foot followed, strange combination of provincial joy and worldly naughtiness that will never be seen again."

Now it is a city of beatings and desperation to leave at any price.

It is the corpse of an illusion and a purpose that found an echo in thousands of hearts and that finally turned into opprobrium.

11.464

CSO: 3010

CUBAN-SOVIET FRIENDSHIP ASSOCIATION HAS VARIED TASKS

Havana BOHEMIA in Spanish 2 May 80 pp 64-67

[Article by Juan Sanchez: "Bridge of Solidarity and Cooperation"; passages enclosed in slantlines printed in boldface]

[Text] Expressions of friendship and solidarity between Cuba and the USSR fill the entire island. These fraternal ties between the Cuban and Soviet people are strengthened through the most varied expressions. Since the beginning and particularly during the most difficult times, that friendship and solidarity have found clear paths. The importance of these manifestations is demonstrated by the participation of everyone: in work centers, schools, ports, rural areas and cities.

As an example that geographic distances mean nothing in these cases, those expressions of friendship and solidarity have been continuous and mutual for the last 20 years.

In this context--by agreement of the Political Bureau of the CC [Central Committee] of the PCC [Communist Party of Cuba]--a suitable vehicle was created in April 1969 to expand and deepen the activities of solidarity with the USSR which have been taking place since the triumph itself of the Cuban revolution. The Cuban-Soviet Friendship Association was created then.

Headquarters

As has occurred in the case of several other social institutions created by the revolution, one of those imposing mansions built by the Cuban bourgeoisie who enriched themselves through the sugar trade during the first republican decades has been used as headquarters for the association. It is a large house on the lively Avenida de Paseo which ends at the Havana pier. The house was built in 1926 by a native sugarcrat who spent most of his time in Europe and only short vacations in Cuba in the summer. Life inside the mansion and its large gardens has changed radically.

A director of the association explained: "The objectives of the Cuban-Soviet Friendship Association include teaching the Cuban people about the

history, culture, economy, life and activities of the USSR, its successes and achievements in the construction of socialism and communism, the history of the revolutionary struggle of the working class and the masses and its contribution to independence, peace and friendship among the peoples."

Branches

The fact that there have been more than 40,000 activities showing solidarity and friendship with the USSR throughout the country in 1979 reveals the widespread work of the association. The participation of the political and mass organizations has been decisive since activities increased almost three times in 1979 over those in previous years. That participation by the organizations--UJC [Union of Young Communists], unions, professional associations, associations of artists, scientists, etc.--has been important quantitatively but it has also served to improve qualitative aspects which is really important.

The Cuban-Soviet Friendship Association is part of ICAP [Cuban Institute for Friendship with the Peoples]. There are nine branches throughout the country, including the Isle of Youth. Each one of these branches organizes the work not only to give information about general aspects of the USSR but to laud specific fundamental achievements in the Soviet republics with which they maintain close ties of cooperation and friendship.

Collective Members

Within the framework of these tasks of friendship, /collective members/ have been established: centers of production or services, administrative centers or educational or military centers. They are selected to be part of the association or its branches because of distinguished work in the fulfillment of their specific tasks or in solidarity with the USSR. A member of the branch in Santiago de Cuba told the reporter: "The collective members' work is very important. They serve to publicize among the workers or students or soldiers the successes achieved by the Soviet state, party and people in all spheres. These tasks are carried out systematically through political activities, clubs, exhibits, films, speeches, etc."

There are very close ties of friendship between the Cuban-Soviet Friendship Association and its counterpart in the USSR: the Soviet-Cuban Friendship Society. Work agreements have been signed between the two. Many of the activities held in Cuba are for Soviet specialists who work in central administration organizations and their branches as well as tourists, Komsomols, seamen and fishermen who visit us. More than 130 of these groups with approximately 6,000 people visited during the past year.

Basically these tasks are oriented toward groups of specialized tourists which are received at the association headquarters. Here they are given a general explanation of the daily work and future plans and also a cultural performance by participating professional and amateur artists.

The Cuban-Soviet Friendship Association has received broad support from its counterpart in the USSR as well as from the latter's superior organization, USSARCE (Union of Soviet Societies for Friendship and Cultural Relations with Foreigners). These organizations have always had a representative in the embassy in Cuba with the rank of first secretary in charge of channeling the work. The embassy plays a decisive role from the material as well as the human point of view. Its present representative is Viktor Gnilossayrov.

Children's Clubs

One task that is being done now and that has been the object of attention by the Soviet Embassy as well as the superior organisms is the /children's clubs/. This children's movement is aimed basically at developing love and affection in our children toward Lenin's fatherland. In each club, the children prepare projects and exhibits on history, stamps and their progress in Russian regularly. Quarterly all the groups meet in a gigantic cultural activity where their artistic representatives perform and share with Soviet children and children from other socialist countries. Also friendly meetings with Soviet soldiers are held in the clubs.

During the last 4 years, the association has organized /Russian language courses/ for the collective members and the personnel of the headquarters; comrades from other organizations that need this knowledge also benefit. There are now 10 study groups with an enrollment of 120 students organized at different levels. The classes are taught by Soviet professor Yuri Sudoplatov. He uses a laboratory and audiovisual aids that effectively contribute to the progress of the students.

Information Center

Publicizing the principal achievements of the Soviet society is the responsibility of the /information center/ which offers many services for the best achievement of this fundamental objective of the association. Those services include the library, periodicals library and film library as well as loans of complete exhibits, flags, slides, etc., which are spread through the branches throughout the country.

The information center also has a Lenin Room where the basic works by Lenin or about him are kept and a Music Room with records of different works and with taped speeches by Lenin, the cosmonauts and other Soviet celebrities. The association has more than 1,000 titles listed of 35 mm and 16 mm films.

Another task of the center is to give information to the public about national or international meetings on the USSR. It also distributes most of the thousands of copies of books, pamphlets, magazines, documentaries and other information materials received from the USSR and the APN.

The information center also holds contests for historic or commemorative dates as stipulated in the work agreements. This year there will be two

competitions: one of children's drawings in honor of the 110th anniversary of Lenin's birth and the other in history in homage to the 20th anniversary of the reestablishment of diplomatic relations between Cuba and the USSR.

Special significance was given to commemorative dates like the 10th anniversary of the creation of the Cuban-Soviet Friendship Association and the 15th anniversary of the Soviet-Cuban Friendship Society. For the first, a message of congratulations was received from Leonid Brezhnev, secretary general of the CPSU and president of the Supreme Soviet of the USSR. It pointed out the importance and significance that the work that the association does in Cuba represents for the Soviets. The USSARCE awarded medals and diplomas to several leaders and activists of the association in recognition of their contributions which strengthen friendly relations between Cuba and the USSR.

Activism which incorporates many people into the work of the association and its branches is channeled through committees. At this time, these are: 1) publicity and **propaganda**; and 2) culture. The first committee is made up of journalists, writers, speakers, etc., from almost all the printed, radio and television press organs. Its duties include helping write the bulletin AMISTAD--which first came out in January 1979--and making plans for publicizing the activities of the association nationally as well as internationally. Professional and amateur artists are on the culture committee. They help in the cultural activities offered to Soviets who visit our country.

First Task

By agreement of the Political Bureau of the CC of the PCC, the Cuban-Soviet Friendship Association was formed on 22 April 1969. The ceremony was held in the Camilo Cienfuegos auditorium of the Academy of Sciences of Cuba. It was presided over by Commander in Chief Fidel Castro Ruz and Raul Castro, second secretary of the PCC. Others present included Sergio del Valle and Blas Roca, members of the Political Bureau, and other party and government leaders. The founding of the association coincided with the 99th anniversary of Lenin's birth. The first task was celebration of the centennial of Lenin's birth which included special events from October 1969 until April 1970. As culmination, the association headquarters were inaugurated by cosmonaut pilot Vladimir Shatalov, twice a hero of the USSR. The present board of directors of the association includes its president, Professor Zoilo Marinello, a member of the CC of the PCC, the vice presidents and members.

MININT SPONSORS DETECTIVE STORY CONTEST

Havana GRANMA in Spanish 22 Apr 80 p 6

[Article by Enrique Sanz Fais: "Invitation to the Competition 'Anniversary of the Revolution' 1981 on Police Literature"]

[Text] This is a special occasion since this is the tenth anniversary of this event. The three traditional prizes have now been joined in this edition by the following special prizes: "Eliseo Reyes" (San Luis), "Alberto Delgado," "Tony Santiago," and "Antonio Briones Montoto."

In honor of the historic triumph of the revolution on 1 January, the Central Political Directorate of the Ministry of Interior is inviting participation in the competition "Anniversary of the Revolution" 1981 on police literature which on this occasion will be a very special event because it has reached its tenth anniversary and because it is being conducted during the year of the 20th anniversary of the MININT [Ministry of Interior].

This is why, in this tenth edition of this competition, in addition to the traditional three prizes (short stories, novels, and eyewitness accounts), we have added special prizes, as follows: "Eliseo Reyes" (San Luis) for the best Cuban detective story published starting in 1970; "Alberto Delgado," for theater; "Tony Santiago," for essays; and "Antonio Briones Montoto," for motion picture, radio, or TV programs.

Members of the MININT, the FAR [Revolutionary Armed Forces], and other citizens throughout the nation may participate in all categories. The works to be submitted will have to deal with police topics and will have to have a didactic character; they must also serve as an incentive for prevention of and alertness against all kinds of antisocial activities and against the power of the people.

According to the basic requirements, the novel prize calls for entries to be a minimum of a hundred 8½ x 11 pages; the short story category calls for a book of three stories of at least 60 pages; and eyewitness accounts must cover writing

of a testimonial nature on some interesting historical event relating to the activities of any of the agencies within the Ministry of Interior. The bibliography and other sources consulted for the particular work must also be given.

In awarding the special "Eliseo Reyes" prize, the jury will select the detective story which, because of its literary quality and because of the contribution it makes to the country as a whole, deserves that distinction. (Only Cuban detective stories published between 1970 and 1981 may compete for this special prize.)

The special "Alberto Delgado" prize will be awarded to a stage play lasting no less than one hour; the special "Tony Santiago" prize will be given for an essay or study on any aspect or feature of Cuban police literature with a minimum length of 30 pages of 8-1/2 x 11; and the special "Antonio Briones Montoto" prize will be given for a motion picture, radio, or TV documentary or short subject, for a 2-hour film, or for four half-hour TV series or an equal number of radio scripts, likewise lasting half an hour.

All works submitted must have a front page showing the last name and first name of the entrant, address, phone number, as well as biographical sketch. MININT personnel will add their province or national agency. They must be unpublished, in other words, they must never have been published completely before, with the exception of the special "Eliseo Reyes" prize.

Honorable mention will be awarded only in the short story, novel, and eyewitness account categories. The prizes and honorable mention (with the exception of the special "Eliseo Reyes" prize) will consist of the publication of the works selected. Winners will be given a certificate of achievement. The writer whose novel (published between 1970 and 1981) wins the special "Eliseo Reyes" prize will receive a trophy specially designed for this competition.

Authors winning the first prize in the novel, short story, and eyewitness account categories, as well as the special "Antonio Briones Montoto" and "Eliseo Reyes" prizes, will get 500 pesos; honorable mention (novel, short story, and eyewitness account) will include a prize of 200 pesos; the special "Alberto Delgado" theater prize is worth 300 pesos; and the special "Tony Santiago" essay prize means 250 pesos for the winner.

The works by the fighting men of the MININT must be sent in through the organizations of the party and the UJC [Union of Young Communists]. And the other citizens may send their works to the following address: 1981 Anniversary of the Revolution Contest, Central Political Directorate of the MININT, Building A, Plaza de la Revolucion, Havana.

The submission deadline is 31 December of this year.

5058
CSO: 3010

COOPERATION WITH CZECHOSLOVAKIA; AGREEMENT SIGNED

Havana JUVENTUD REBELDE in Spanish 27 Apr 80 p 6

[Text] Press Conference

Camaguey. A protocol of cooperation between the UJC [Union of Young Communists] and the USJCH, covering the 5-year span of 1981-1985, was signed here by Miloslav Dockal, chairman of the Central Committee of the Union of Socialist Youths of Czechoslovakia, and Luis Orlando Dominguez, member, Party Central Committee, and first secretary of the UJC.

The collaboration program calls for the Marxist-Leninist education of youth, work in mobilizing young people for the construction of socialism, support for the combined effort of the pioneer organizations, and active participation in the international youth and student movement, among other things.

A ceremony was also held during which Miloslav Dockal awarded the Julius Fucik prize--the highest distinction awarded by the Central Committee of the USJCH--to Luis Orlando Dominguez, Lazaro Vazquez, first secretary of the party in the province, Luis A. Castro, UJC National Bureau member, and Reynaldo Quintero, UJC first secretary in Camaguey.

Other outstanding youth members of the Cuban delegation were likewise given decorations by the Czechoslovak youth organization.

In addressing the group, Luis Orlando Dominguez expressed appreciation for the decorations and added that "they honor us and they commit us to continue to fight for the sacred cause of the revolution, for the sacred cause of proletarian internationalism, for the sacred cause of communism."

"The name of Julius Fucik," he added, "which is immortalized in this award, a prodigious son of Czechoslovakia, an example to present and future generations, consecrating the cause of the revolution, is eloquent testimony of the moral standing of this award."

He further pointed out that these personal awards constitute recognition for our use and our people.

More than 6,000 Cuban youth are now taking courses in Czechoslovakia, as was announced during the press conference by Miloslav Dockal, chairman of the Central Committee of the Socialist Union of Czechoslovak Youth.

Dockal emphasized that they are not just studying; some are doing post-graduate work and other youngsters are working to develop skills in their professions. Dockal said that this collaboration also is bearing fruit through the broad range of bonds of friendship.

He termed the festival as a great celebration of the socialist community and pointed out that its implementation made it possible to evidence the relationships of friendship and brotherhood and to conduct a fruitful exchange of experiences in the work of both organizations.

He talked about the intrigues and provocations of the reactionaries and imperialism against the USSR, Czechoslovakia, Cuba, and the other socialist countries, now expressed by the planned military maneuvers in the Caribbean.

It seems to me that this festival is of special importance because it is being held in this atmosphere and our youths have expressed their solidarity not only through our sympathy, through the history that unites us, but we have also demonstrated the determination to help Cuba because this is a complete form of proletarian internationalism."

He emphasized that this was not only a meeting of Cubans and Czechoslovaks because this was also related to a third country, the USSR, and he stressed the celebration, within the festival, of the 110th anniversary of the birthday of Lenin and the role of the Komsomol [Young Communist League], the CPSU, and personally, comrade Leonid Brezhnev in the fight for peace.

Concerning the NATO move in placing nuclear missiles in Europe, he said that all Czechoslovak youths have protested against that decision and he noted the difference between this policy and the peace initiative pushed by the USSR.

"The Soviet Union is combining action with its words of peace. This is in contrast with the fact that imperialism is putting its aggressive weapons in place not only against the socialist countries of Europe but also against Cuba in the Caribbean," he concluded.

5058
CSO: 3010

BRIEFS

NATIONAL FIRE PREVENTION MEETING--The First National Fire Protection Meeting, sponsored by the fire prevention and fire-fighting directorate of the Ministry of the Interior, will be held on 29 and 30 April in the city of Havana. It will be attended by fire chiefs and labor hygiene supervisors of the central government agencies, representatives of people's government from the various provinces, representatives of the mass organizations, and supervisors and specialists from the national directorate and the provincial departments for fire prevention and fire-fighting of the Ministry of Interior. This important event will present an activity report on the work done by the DPEI [Fire Prevention and Fire-Fighting Directorate] and the government agencies regarding fire protection; general plans will also be drafted and discussed for National Fire Prevention Week between 22 and 28 June. The event will consist of a general meeting and fire working committees which will cover and discuss the following aspects: volunteer forces, socialist law in the matter of fire protection, portable fire-fighting equipment, dissemination and standardization in the field of fire protection. The conference will also be attended by comrades from the CTC [Central Organization of Cuban Trade Unions], the CEATM [State Committee for Technical and Material Supply], and the CETSS [State Committee for Labor and Social Security], dealing with fire protection and hygiene measures, the purchase and recharging of portable fire-fighting equipment, as well as volunteer forces; other topics of great importance will also be taken up, such as automation in fire protection. At the end of the conference, there will be a simulated fire-fighting exercise, demonstrating the readiness of the professional personnel of the DPEI. [Text] [Havana GRANMA in Spanish 22 Apr 80 p 3] 5058

NEW RURAL COMMUNITIES--Sancti Spiritus (AIN)--At this time, four rural communities are being built on sugar cane and coffee plantation land in Jatibonico and Escambray in this province; plans call for a total of 740 housing units. The buildings are being put up in the El Patio, La Angelina, and El Maja districts, in the Uruguay sugar cane enterprise, in the township of Jatibonico, as well as in the coffee-growing region of Topes de Collantes, in Trinidad. These communities will furthermore facilitate new settlements in economic development areas, they will help stabilize the labor force,

and they will help improve the living conditions of the people living in these areas. Carlos Bague, deputy director for housing at the architecture construction company number 16, in this province, emphasized that projects in another two communities will also be carried out in the sugar cane districts of Bernal Cuatro and Cristales, likewise in Jatibonico. He noted that, in an effort to meet requirements for prefabricated parts to be used in the construction of these settlements, earth movements were started recently for the construction of two plants which will turn out large, number 6 (VI) panels with a production capacity of 650 apartments per year, each. [Text] [Havana JUVENTUD REBELDE in Spanish 28 Apr 80 p 2] 5058

CSO: 3010

JUAN BOSCH ON NATIONAL POLITICAL ISSUES

Human Rights Policy, Constitution

Santo Domingo LISTIN DIARIO in Spanish 19 Apr 80 p 3

[Article by Mirtilio Poliz Pena: "Bosch Feels Government Is Maintaining Respect for Rights"]

[Excerpts] Ex-President Juan Bosch was yesterday of the opinion that President Antonio Guzman's government "has maintained a fairly high standard" with regard to human rights.

However, the president of the Dominican Liberation Party (PLD) said that "it is not, as many PRD [Dominican Revolutionary Party] members would have us believe, a model for the world."

According to the politician and writer, public freedoms have been respected not only in this government, meaning by that that "we must remember that in Horacio Vasquez' too they were fairly well respected."

Bosch said that he does not believe that public freedoms have seriously deteriorated as some political leaders claim.

Asked about Secretary of Interior Secundino Gil Morales' warning that the political parties should abstain from holding rallies, the PLD leader said that that official claims to be keeping certain regulations in effect that had been devised during ex-President Joaquin Balaguer's regime.

Bosch feels that, "if the PRD was protesting so much about what it called restrictions of public freedoms under Dr Balaguer's regime, why does it now have to keep those laws in effect?"

The politician said that there are many laws that have been passed and fallen into disuse, and have therefore become ineffective.

Bosch said that he does not believe that this regulation of the secretary of interior, requiring political parties to abstain from proselytizing activities at this time is an illegal one, "since there is a law that covers it, but what is neither right nor politic is the maintenance of this law in effect."

Constitutional Amendment

Concerning a constitutional amendment, the politician said that "it would be a mistake to try to amend the Constitution to increase the president's term of office to 6 years since laws are not retroactive; rather they face forward, toward the future."

Bosch was interviewed on the "Radio News" program conducted daily from 1200 to 1230 by Mr Bienvenido Hazim Egoz over the Musical Wavelength.

U.S. Election Influence, Parties

Santo Domingo EL NACIONAL in Spanish 20 Apr 80 pp 1, 2

[Article by Roberto Marcella Abreu: "Bosch Thinks United States Has No Solution for 1982 Primaries"]

[Text] Prof Juan Bosch last night said that the United States must be "very concerned" because it has no solution at hand for the primaries to be held here in 1982.

The supreme leader of the PLD and ex-president of the republic said that it was essentially thought that the PRD "was a force that could be relied on for many years."

Then he explained that "now people realize that the PRD is not an organized party, not a unified party and not a dominant party."

The ex-president of the republic said that, "politically speaking, the decisive force, which is not Dominican, must be very concerned because it has no solution at hand for 1982."

He explained that "those who direct American policy in the Caribbean believed that the PRD was a force they could rely on for many years."

He then noted that these forces "must be looking for a way to create unions and fronts on which they can depend in the Dominican Republic."

Bosch was first asked about rumors as to a presumed alliance between the Democratic Quisqueyan Party (PQD) and the Antireelection Democratic Integration Movement (MIDA).

In connection with this, he said that he knew nothing of the existence of such efforts. "I know of no such negotiations," the ex-president emphatically said.

Asked about the alternative of bipartisanism, Bosch said that the Venezuelan experience "is rooted in a social reality."

With regard to this, he explained that there "there is a dominant class and that is why it is easy to organize the parties of the same class."

He pointed out that in our brother country the Democratic Action figures as a populist party, while the COPEI [Social Christian Party] figures as a social Christian party.

Bosch said that there is no difference between the Reformist Party and the PRD. "The difference," he said, "is called Joaquin Balaguer."

"If, as Dr Balaguer claims, the reformist movement turns itself into a social Christian party, it could then in a few years time play a role similar to that of the COPEI," he said.

However, he explained that this is not happening at the present time, nor is it easy for it to happen.

Bosch was then asked to give a talk on the composition of Dominican society on the premises of Crea Homes to a public composed of people from that district, center students and their families.

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CSO: 3010

DOMINICAN REPUBLIC

PCD ACCUSES BALAGUER OF DISTORTING TRUTH, PRD OF RENEGING

Santo Domingo EL NACIONAL in Spanish 16 Apr 80 p 2

[Text] The Dominican Communist Party (PCD) today said that President Joaquin Balaguer distorted important aspects of the truth in the speech he delivered in Barahona to present his Reformist Party as an alternative to save the situation.

The PCD said that Balaguer is trying to exploit the advances made by the left and the "unfulfilled promises of the PRD government accompanied by the inconsistency of social democracy as a model for countries like ours" for the benefit of the Reformist Party.

Narciso Isa Conde, the secretary general of the PCD, notes that "the radicalization of major segments of the population is a product not only of the frustration provoked by the unfulfilled promises of the PRD, but also of the negative experiences of the 12 years of Reformist regime."

Isa Conde itemized a long list of characteristics of the Balaguer regime which included everything from "repression at all levels to alarming deterioration of the basic public services, such as water supply and electricity."

And he added that "the PRD had promised to change all this, promised to set in motion solutions to these problems; yet, in the space of less than 2 years of administration, it has demonstrated its inability to do so."

11,466
CSO: 3010

PENA GOMEZ SEES REELECTION ACTIVITIES WEAKENING PRD

Santo Domingo LISTIN DIARIO in Spanish 17 Apr 80 p 112

[Article by Hugo A. Ysalguez]

[Excerpts] The secretary general of the Dominican Revolutionary Party (PRD), Dr Jose Francisco Pena Gomez, yesterday admitted that that organization "is losing its moral authority and credibility through the reelection activities" of some of its members.

Speaking in the TRIBUNA DEMOCRATICA, the political leader meant that, in expressing their doubts about the presidential reelection issue, partisans of President Antonio Guzman "place their adversaries, both inside and outside the PRD, on the offensive."

"A political leader who respects himself and would like to be respected cannot assume political commitments with anyone, except with his people," Pena Gomez maintained.

And he said that principles are above friendship and any other kind of consideration.

He said that, during the few short days he was in Peru, reelection activity had increased in this country and noted that, "although its promoters may not think so, this may mean the downfall of the organization."

"Therefore, he had to responsibly propose that a stop be put to this situation and that we take steps to constitutionally ban reelection," he added.

He explained that that was why he had called a meeting of the PRD Executive Committee, in order to call on its members to adopt a firm position on reelection.

"Of course, the party deputies had already decided on their own to take the initiative in amending the Constitution, but divisions had been observed within our bloc, even to the extent where one comrade, certainly one of our worthiest members, had proposed an extension of the present term to 6 years," he reminded us.

Pena Gomez added that Prof Juan Bosch and Dr Juan Isidro Jimenes have said that the PRD Executive Committee is absolutely controlled by the government. "What is certain is the fact that, at the Novena convention, the position was imposed that that body would not be dominated by any of the factions which divide the PRD."

Pena Gomez said that, at the last Executive Committee session, that body raised itself to the ultimate height of political morality of which PRD members are capable.

"The Executive Committee unanimously voted to ban reelection or a possible extension of the term of office," he said.

And immediately after, he said: "There is no rule without an exception. There must be one for no reelection too. Politics is ever-changing. We don't know what will be happening in our country and in America 2 years from now. We don't know whether Ronald Reagan will win the elections in the United States and whether that event would mark the beginning of a great regression."

11,466
CSO: 3010

GOVERNMENT, FUNDEJUR BAND TO CURB GROWING RURAL ILLITERACY

Santo Domingo EL CARIBE in Spanish 2 Apr 80 p 4

[Article by Manuel Torres]

[Excerpts] The secretary of agriculture said yesterday that last year there were 1,928,700 illiterate children in the rural areas and that in 1982 it is anticipated the figure will reach 2 million.

The agronomist R. Hipolito Mejia released the figures at a press conference, in which the organizers of the National Foundation for the Development of Rural Youth (FUNDEJUR) also participated.

He reported that the illiteracy figures include children from 10 to 14 years, which amounts to 35 percent in rural areas and 15 percent in urban areas.

He stated that at present "illiteracy affects the rural areas just as seriously as malnutrition, and we must undertake effective programs in the country."

He pointed out that "illiteracy among persons from 15 to 24 years old amounts to 29 percent in the rural areas and 11 percent in urban areas."

Mejia announced that "the Secretariate of Agriculture, in collaboration with the secretary of education, is carrying out a program of study grants aimed at children of peasant families."

He explained that these grants are for the study of bookkeeping so that "the sons can help their parents in the country with their knowledge of figures."

He stated that "in Azua we are making 35 grants to sons of farmers in the interest of improving the academic level of the peasant youth and this program will be extended to other rural areas of the country."

The official said that furthermore "in the Year of the Farmer, the Secretariat of education is developing a program to provide school supplies to rural youth."

The secretary of agriculture said that 1,928,700 illiterate children represent 34 percent of the Dominican population.

"And the 2 million we will have by 1982 will constitute 36 percent of the population, which shows that illiteracy is affecting the peasant population of the country," he added. Mejia declared that "in collaboration with Dominican CARE we will carry out a program of poultry production in the rural area."

The executive secretary of FUNDEJUR, Carlos Anibal Rodriguez, said that "the organization is private and has been incorporated by decree of the executive branch."

8956

CSO: 3010

BISHOP CALLS FOR INCREASE IN REGIONAL AGRARIAN REFORM

Santo Domingo EL CARIBE in Spanish 15 Apr 80 pp 1, 7

[Article by Saul Pimentel]

[Text] Montecristi, 14 April--The bishop of the diocese of Mao-Montecristi, asked the government to intensify the agrarian reform programs in the northeast and other development projects to combat poverty, unemployment, prostitution and other socioeconomic evils which are said to exist in that area.

Magr Geronimo Tomas Abreu stated that "thousands of peasants in this area are suffering the rigors of hunger and, still, there are vast areas of land which, with adequate irrigation, could produce efficiently."

Interviewed by EL CARIBE during a ceremony here, Monsignor Tomas Abreu stated that "poverty shows up in the northeast in general in the form of extreme hunger and in situations which are really marginal in the cities."

He alleged that "it shows up also in prostitution, for instance, among young women who cannot find any other means to earn a living than to sell the only thing they have."

He said that "there exists substandard housing and many undernourished children who do not go to school because they do not have the strength."

He indicated that the consequences of unemployment also are reflected "in youth who are without goals, frustrated, because they have nothing to do nor can they study or train for the future because they do not have the economic means."

The bishop said that in the area there is an obvious lack of schools in which young people can improve their craft skills or take short technical courses which would allow them "to develop more useful lives on the socioeconomic level."

Along our frontier, we have hopes that many projects which exist for this area will materialize; that these dams of Maguaca and Chacuey as well as

the irrigation canals which are being implemented to irrigate thousands and thousands of tareas [6.28 acres] are becoming a reality," he pointed out. He requested that the lands of this area "be used for agricultural production" and also that "the installation of small agroindustries be provided for."

The priest declared that "the first thing which strikes one in this area is unemployment, the lack of work for so many thousands of people who live here and have no land."

He stated that "there are no industries, no agroindustries, no source of work" and the only occupation which the inhabitants of the area have is generated by garden plots and ricefields at certain periods of the year.

"Also, there is the small apple orchard project, which is a source of employment but which cannot absorb all the unemployed work force which exists in the area," he indicated.

Monsignor Tomas Abreu indicated that "we need more agroindustries and more sources of employment in Montecristi itself as well as in the rest of the Northeast."

He stated that "next the appropriate organizations must speed up the distribution of land to those peasants who have no place to work."

In his opinion, there are "hundreds of tareas of land which could be developed if they were prepared adequately using means within reach, not of the peasants, but of the state itself."

He declared that the irrigation canals, dams and other projects of agricultural infrastructure, which the government built in the area, must be continued at a constantly growing rate. Only in this way, he pointed out, "can we quickly have the land irrigated and capable of producing and being distributed to thousands of peasants who have no place to earn their living or to find the means to support their families."

He stated that in the northeast, agave grows easily and that the latter could be sown in great quantities in thousands of tareas avoiding in this way importing which, he said, is what is now done in the case of this product. "Here we have a land which is suitable for many agricultural products which could be industrialized and which nevertheless are not being raised," indicated Monsignor Tomas Abreu.

8956

CSO: 3010

ENERGY FLOW IN THE ECONOMY ANALYZED

Santo Domingo LISTIN DIARIO in Spanish 12 Apr 80 p 8

[Text] This diagram of the energy flow in the Dominican Republic shows where our energy comes from (the supply) and what it is used on (the demand).

With respect to the supply, we observe that imported petroleum and its by-products account for 68.02 percent of our energy supply, and that is why we are affected so much by any increase in the international prices.

The second source of supply is represented by cane bagasse (18.9 percent); and this is why it is so important that measures be adopted to make the burning of bagasse by the sugar mills more efficient, so that they may thereby purchase less energy from the CDE [expansion unknown] and save the country hard currency.

Despite all the propaganda, the hydroelectric powerplants still provide for only half of 1 percent of our energy production. Firewood and charcoal supply 12.58 percent, but at great economic cost, because they bring about deforestation.

To summarize, the search for oil and lignite in the country, greater hydroelectric development and more efficiency in the use of bagasse are the most practical means of obtaining an indigenous energy supply.

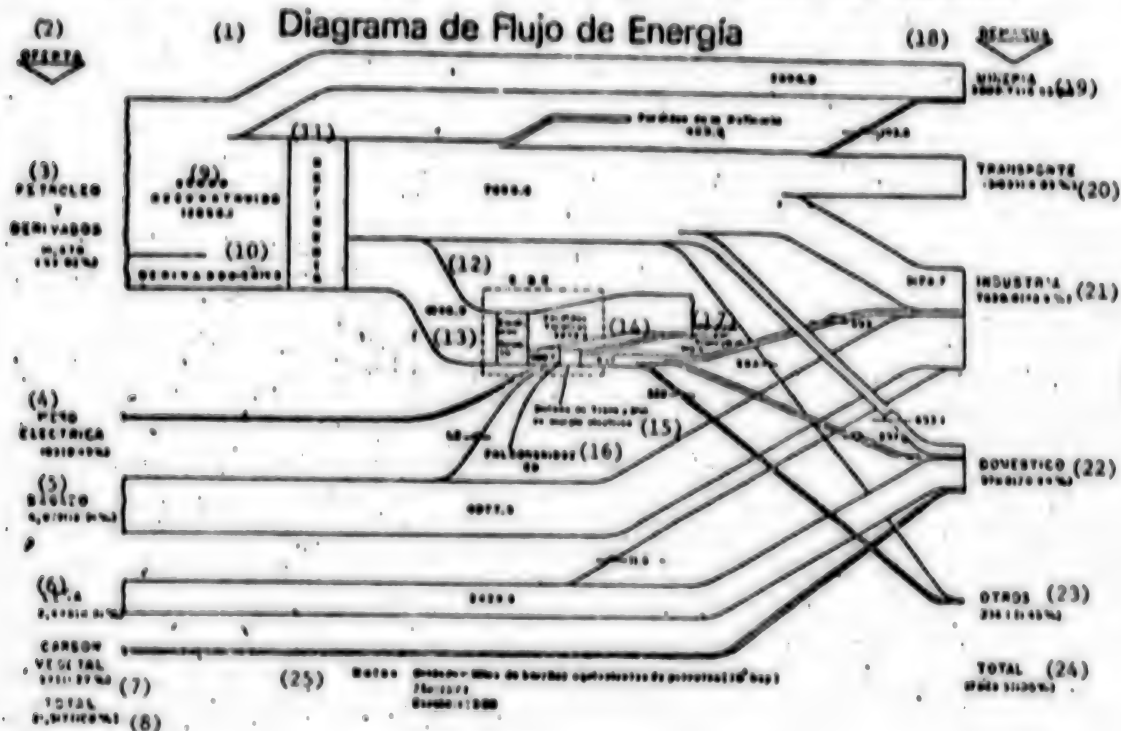
As for the use of energy, we note that the industrial sector is the principal user, absorbing 42.9 percent of the consumption. In the circle, we see that the sugar, furfural and cement industries are the major users of energy within the industrial sector.

The second largest sector is represented by the energy consumption in households, with 20.84 percent; followed by transportation, with 18.03 percent; and, finally, mining (chiefly Falconbridge), with 16.35 percent.

To economize in these sectors, there could be increased efficiency by the sugar mills in using bagasse, the cement factories and the CDE's thermal plants could be made to use coal, mass transportation and the use of solar heaters

could be promoted, and there could be an economizing on the use of lighting in households.

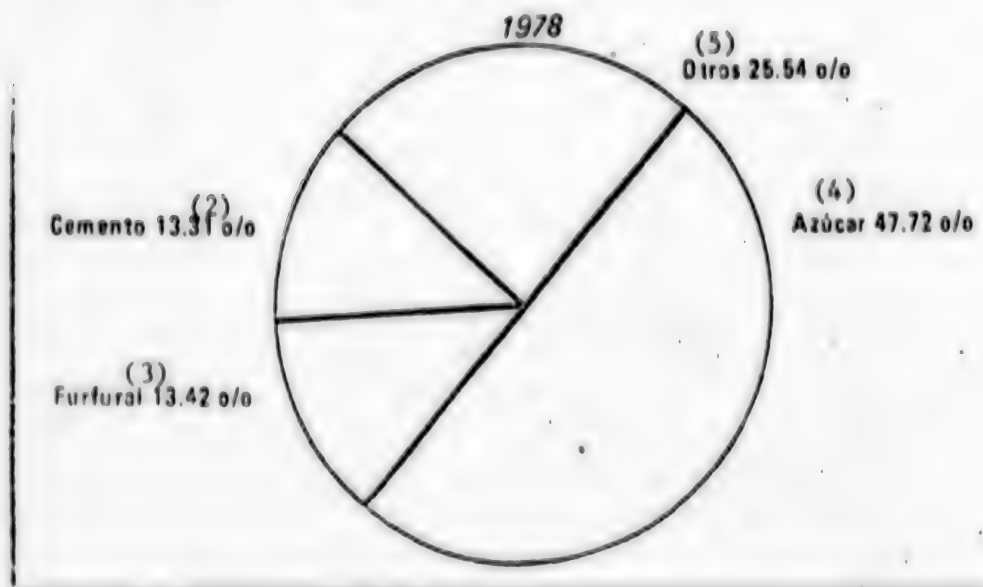
Oil imports now exceed 30 percent of the price of all our imports.



Key to Diagram:

1. Diagram of Energy Flow
2. Supply
3. Petroleum and by-products
4. Hydroelectric
5. Bagasse
6. Firewood
7. Charcoal
8. Total
9. Reconstructed crude
10. By-products
11. Refinery
12. CDE
13. Thermal conversion
14. Thermal losses
15. System for transportation and distribution of electrical power
16. Falconbridge
17. Losses from transportation and distribution
18. Demand
19. Mining
20. Transportation
21. Industry
22. Domestic
23. Other
24. Total
25. Notes: units: millions of equivalent barrels of oil (10³ ebo), year 1977, scale 1:200

**DISTRIBUCION DEL CONSUMO DE ENERGIA EN EL SECTOR INDUSTRIAL
POR TIPO DE INDUSTRIA**
(1)



1. Distribution of Energy Consumption in the Industrial Sector According to Type of Industry
2. Cement
3. Furfural
4. Sugar
5. Others

2909

CSO: 3010

OIL CONCERNS FOCUS STUDIES ON MIDDLEMAN, PRODUCTION

Elimination of Gasoline Middleman

Santo Domingo EL NACIONAL in Spanish 14 Apr 80 p 15

[Excerpts] Pedro Brand, 14 April--The executive director of the Industrial Development Corporation (CPI) announced that the government is considering the elimination of the companies acting as middlemen in the marketing of gasoline.

Mr Manuel Fernandez Marmol said that, by eliminating those middlemen, the government "will attempt to mitigate the excessive hikes in the prices of petroleum by-products."

The official, and political leader, added: "In the event that this possibility should materialize, and the state acquires the middlemen's stock, there might be a reduction in the prices of carburetants, because the government would be the only middleman."

Fernandez Marmol attributed the high cost of living to the latest increases ordered by the Organization of Petroleum Exporting Countries (OPEC), which he described as excessive.

Fernandez Marmol praised the people's sales program being carried out by the National Price Stabilization Institute (INESPRE) on behalf of the neediest classes.

Production, Expansion, Reorganization

Santo Domingo LISTIN DIARIO in Spanish 12 Apr 80 pp 1, 13

[Excerpts] The Dominican Oil Refinery has been considering studies relating to the expansion and reorganization of its production, so as to gear it to the changes taking place worldwide, especially in Venezuela, which will be placing major emphasis on the exploitation of heavy crude during the next few years.

Rafael Angeles Suarez said that these studies might be completed by the middle of the year.

It is known that the refinery is limited insofar as its production rate is concerned, because its technical facilities have to be adapted to the structure of the local demand.

But since heavy petroleum will cost somewhat less than the present distillates (a 50 percent reduction), and since Dominican imported crude has 40 percent distillation, there will of necessity be a change in the refinery's structure toward the use of heavy petroleum, if it wants to achieve considerable savings.

Yesterday, the head of the refinery said that plans are definitely being put together with respect to the company's capacity, and the search for even more economical systems.

A proposal has also been made for expansion, through the construction of a large storage facility, costing \$6 million, which would hold large volumes of crude in periods of emergency, such as that of the recent hurricane.

He noted that the production structure must be changed also, as well as the local demand. For example, gasoline consumption has been declining during the past 2 years (7 percent thus far this year).

On the other hand, the consumption of diesel oil has been rising, owing to the advent of new consumers encouraged by the almost twofold difference in price compared with gasoline.

Suarez observed that all these matters are up for discussion.

He said that a study is also being made of the possibility of processing the crude which is cheaper as a result of the policies established by the producing countries themselves, in this instance, Venezuela.

2909

CSO: 3010

PRESIDENT'S WIFE COMMENTS ON EXECUTIVE-LEGISLATIVE DEBATE

Quito EL COMERCIO in Spanish 16 Apr 80 p A-3

[Text] The wife of the president of Ecuador, Martha Bucaram de Roldos, has denied that the struggle now going on between the executive and the legislature represent a struggle for personal power.

She stated that personal issues are not in question because that is clearly not the motivation of the president.

She added that if personal power struggles are going on this is occurring in the mind of many persons who do not realize that the people have put them in office expecting them to render service in a form which will bring true benefit to the voters.

She said that the president of Ecuador is not motivated by personal aggrandizement and he always has said that the political power given him by the people will always be used in keeping with the aspirations the people have committed to him.

She stated that there is no other way to understand the reforms which President Roldos has presented to the National House of Representatives. Their only purpose is to give the people the exercise of the power it has clearly established in the Ecuadorian Constitution, because the use of a plebiscite is mentioned in the articles of that Constitution. The purpose is to create a living democracy, and precisely because the people of Ecuador understand their crucial role in the history of the nation, they are going to use the plebiscite because it can resolve a problem which at many other times has caused democracy to disappear.

She said that we know perfectly well what history's lesson is from the actions of other government leaders, such as Dr Jose Maria Velasco Ibarra, whose efforts were subverted by the Congress, in this case the House of Representatives in a manner which is not compatible with the Constitution of the Republic.

Support

She noted that now we are following carefully the constitutional mandates, and because of this the people of Ecuador are supporting the president's efforts. She emphasized that the support of the Ecuadorean people is assuring that democracy will continue strong in the nation, because democracy weakens when the president does not have the support of those who elected him or when months or years after a president takes office the citizens learn that the methods being used are not proper. This is not happening now.

Prestigious commentators have already stated their viewpoints on the matter. Also many citizens have been interviewed on the various television channels and have stated their views. "Therefore I believe that in this way, with even greater certainty, we will be guaranteeing democracy in the form it should have, not only with declarations but in actions, so that the people of Ecuador will take an interest not just when they elect officials, but throughout their terms, giving support in various ways, support such as was given in the San Francisco Plaza in March, when the citizens of Ecuador joined in support of the president and expressed their hopes for success of the National Development Plan.

Asked her opinion of the new extraordinary congress called by the president of the National Parliament to prosecute high government officials, she said, "The call made by the president of the House of Representatives is clearly not in accord with the Constitution, because extraordinary congresses must be called with one purpose, not several, and we do not even know at this time which officials are to be prosecuted. In this manner we can see who follows the requirements of the Constitution and who is not following them."

Asked whether the plebiscite is to be considered constitutional and the extraordinary congress unconstitutional, she said, "The call for an extraordinary congress is not a call which has been made according to the constitutional requirements, because such congresses must be held to achieve one single purpose or treat a single topic, such as the call for an extraordinary congress made by the president of Ecuador in order to carry out constitutional reform."

Asked her views on the declarations of Mr Assad Bucaram, especially recent ones, which have caused a reaction from the leadership of the House of Representatives, she stated: "On this point I must note that Mr Assad Bucaram is my uncle, and so I prefer to make no comment. Regarding his actions I believe there has been ample political commentary and people have strong views on the subject, so I consider it better to make no statement."

11,989
CSO: 3010

CEPE TO SINK EXPLORATORY WELL IN MANABI

Quito EL COMERCIO in Spanish 17 Apr 80 p A-19

[Text] Guayaquil, 16 Apr--CEPE, the Ecuadorean State Petroleum Corporation, is now finalizing plans for sinking an exploratory oil well in Manta.

The well's purpose will be to test the geological and geochemical data which have led CEPE to believe there is great petroleum potential in Manabi province.

The Manta CEPE office has been put in charge of assuring a supply of water for the drilling tower, since without water the equipment cannot operate.

A sure source of water was the only thing lacking in the detailed planning for the drilling operations, which will begin at latest in the first part of May.

Also it was reported that the program of collection of biological data through seismic tests in shallow Ecuadorean waters in an area parallel to the coast from Manta to Guayaquil has now been completed.

The data are being processed by Western Geophysical Corporation and will be delivered after about 8 months. They will indicate which geological structures have been found.

The exploratory well will provide data to determine where exploratory wells will be sunk in the middle of next year.

CEPE general director Jose Carvajal said last week in Manta that the oil potential of the coast is twice that of the eastern zone.

11,989

CSO: 3010

CEPE FINDS NEW HYDROCARBON DEPOSITS IN NORTHEAST

Preliminary Estimates

Quito EL COMERCIO in Spanish 1 May 80 p A-1

[Text] The Ecuadorean State Petroleum Corporation (CEPE) has discovered a new hydrocarbon deposit in the northeast which is estimated to contain reserves of approximately 100 million barrels.

According to unofficial data, production from the well that was drilled in the new deposit is estimated to be 4,000 to 6,000 barrels a day.

CEPE sources noted that these volumes will be confirmed once further exploratory operations have been carried out.

Shuara, which was discovered at the conclusion of drilling of the Shuara well number 1, is located along a line of structures where CEPE's first investigations enabled them to spot the existence of hydrocarbons. This supposition was confirmed recently with the discovery of the Secoya structure.

CEPE claims that the Shuara well is presently yielding 2,756 barrels a day from one of its sandstone layers but that other levels remain to be tested. This would lead officials to presume that its final yield will be between 5,000 and 6,500 barrels a day.

The strata in which oil has been found are the T, lower U and upper U sandstone layers.

The new well is located three kilometers east of the Secoya West 1 well, drilled recently by CEPE, and a short distance from the Atacapi and Aguarico fields. As in the case of Secoya, this circumstance will make it possible to incorporate it into production immediately, according to reports.

In addition, officials said that CEPE plans to perform exploratory operations in the near future in Tetete and Shushuqui, where possible hydrocarbon-bearing structures have also been detected.

An official party composed of various ministers of state, and high-level officials and CEPE authorities will visit the eastern region today, particularly the site where the new well has been drilled.

Officials Visit Site

Quito EL COMERCIO in Spanish 2 May 80 pp A-1, A-17

[Excerpts] Two of the four productive horizons of the Shuara well which was recently drilled by CEPE are producing 7,500 barrels a day, according to information that authorities were able to confirm yesterday during a visit of high-level government officials to that structure, which was discovered in the northeastern part of the country.

During the ceremony officially delivering the newly-drilled well, natural resources minister, engineer Corsino Cardenas, stated that Ecuador is a country with hydrocarbon potential that needs to be incorporated gradually in order to sustain its development. At the same time, he reiterated that the decline in the country's hydrocarbon reserves is being corrected by means of a program that will allow the national government to keep its promise to double the national reserves.

50,000 More Barrels

For his part, CEPE manager, engineer Jose Carvajal, revealed today that within the next 18 months, the national petroleum corporation proposes to increase production by 50,000 barrels a day.

He emphasized that the Shuara well is the corporation's fourth consecutive success within a period of eight months, a string of successes that began in Cuyaban, a structure that had been abandoned by Texaco, he said. He cited as subsequent successes the Sansahuari, Secoya and Shuara fields, which should add reserves of 500 million barrels in all.

This volume represents 50 percent of the present proven reserves, he noted, and it affords the nation some breathing space, considering that the 1.6 billion barrel reserves that existed in 1972 had been reduced to 1.05 billion in 1979.

Also in the East

However, he stressed that the northeast is just one of CEPE's points of operation. Blocks 17 and 19 in the eastern part of the country, the Gulf of Guayaquil, Manabi and Esmeraldas, he said, constitute challenges in terms of human effort and financial resources, with the objective of giving the country a reliable supply of petroleum.

Drilling of the Shuara well, located in the northeastern part of the country, ended last Tuesday, when production tests were begun.

On Wednesday results were obtained from the lower U sandstone layers, located at a depth of close to 10,000 feet. The well produced 2,756 barrels of 32 grade API crude oil.

Other Sandstone Layers

Up to that point, it had been hoped that the well would produce up to 6,500 barrels a day. However, yesterday the lower U sandstone layer was tested and it recorded a production of 4,744 barrels of oil, so that the total yield is presently 7,500 barrels a day.

Within a few hours the upper U sandstone layer and the A and M-1 limestone layers will be tested and it is hoped that they will produce at least 2,000 barrels a day, that is, if estimates based on preliminary samplings from the potential oil-bearing zone are borne out.

8631

CSO: 3010

BRIEFS

IAPA: PRESS FREEDOM EXISTS--San Jose, 15 Apr (EFE)--The Inter-American Press Association [IAPA] an organization made up basically of owners, editors and directors of newspapers in the American world has released, following the meeting in San Jose, Costa Rica, its conclusion on the amount of freedom of the press in various nations. According to the association, in Ecuador "press freedoms are fully in effect and the newspapers and other communications media enjoy the ample guarantees established in the constitution for the fulfillment of their mission." In Ecuador reporters must hold a certificate of university training through the Information Sciences Department in order to hold a job. [Excerpt] [Quito EL COMERCIO in Spanish 16 Apr 80 p A-12] 11,989

CSO: 3010

REASONS FOR ELECTORAL APATHY DISCUSSED

Guatemala City PRENSA LIBRE in Spanish 28 Apr 80 p 2

[Text] The Electoral Registry Office persists in saying that there has not been any abstention from the municipal elections held on Sunday, 20 April. For its part, the Movement for National Liberation, established as the country's majority party, states the same while presenting its own data, from which one infers that in total there were present at the polls, including all the parties and participating groups, more than 25 percent of the citizens who registered to vote. The Movement for National Liberation considers this figure to be excellent in view of several circumstances. One of the reasons, which has been pointed out in a previous commentary, is that the voting occurred largely in municipalities with the smallest population in the republic.

Many more reasons can be cited to explain what happened at the polls, whether from the viewpoint of the participating factions or of Guatemala's political realities. The factions, of course, have to oppose and outweigh one another in direct relation to each faction's interests, either by detracting from what benefits another or by exaggerating what suits themselves. These dialectical callisthenics will not last long and will only serve to enliven the newspapers. If anyone wants to find even greater consolation in these acrobatics he can review the accumulated newspapers to re-read what was said in previous elections under similar circumstances, and one will see that what was expressed then and what is stated now seem cut from the same pattern.

In this confusion we lose the opportunity for a penetrating examination of the most important elements in order to reach more concrete conclusions. Civic apathy toward voting is not a new phenomenon, nor is it only in our country. This happens in almost all republics with little civic education. There are cases where this apathy does not occur because the legal system, which is coercive, obliges citizens to fulfill their duty. This is the case in Honduras, whose electoral laws make voting obligatory, without exception, and punish the failure to vote. There are other cases--we could also mention the latest Honduran events--in which the importance of the issues to be decided at the polls is by itself an incentive to the citizenry to express its will in large numbers. After a long period of

authoritarian government, it was natural that the Hondurans would overrun the polls in great numbers, as indeed happened, to decide the establishment of a representative body on which their immediate political future depends.

Evidently, the municipal elections are a lesser attraction, although no less significant, speaking in purely civic terms. It is common to read these days that a municipal election cannot spur the citizens to go to the polls. This observation is incorrect and tends to be superficial. It serves only to justify that 25 percent of voters which seems to be enough for some. The truth is something else. Keeping in mind the nature of the representative-republican system, the municipal elections are of fundamental importance, inasmuch as they relate to the government of the community and to the government of the municipality, in which environment the chief activities of the citizenry unfold. What concerns his municipality has to be of more interest to the citizen than what pertains to the central government. In other words, abstaining from legislative elections could be justified or explained more easily, to cite an example, than abstaining from the municipal elections. To state it in another way, 25 percent of the voters, which some may want to present as satisfactory, is, to be precise, disappointing. There was apathy, and nothing is gained by denying it or by trying to disguise it with deceiving arguments.

A keen and impartial observer, without any sectarian interest, could reach this conclusion: there is and there has been apathy always in the municipal elections, even in those of the republic's capital, where a really major turnout has never been achieved because the autonomous and representative system of the municipalities has not penetrated the citizens' awareness. The system simply has not become a reality; it has not penetrated the will or the choice of the voters, and for this reason these elections are decided time after time by small minorities. This has been a system imposed on citizens for democratic show, but it is divorced from the citizenry's most legitimate preferences. For this reason one hears increasingly in conversations in drawing rooms and cafes about the need for administrators and advisers appointed by the executive branch to be more in harmony with the special temperament of the Guatemalans and the characteristics of our environment. In the end, democracy is not a one-size-fits-all elastic garment, but rather a law that has to be adapted to the specific conditions and circumstances of each community.

The subject, certainly, has only been outlined. There will be room to investigate this topic in more depth.

9545

CSO: 3010

REPORT ON COMMANDER ORTEGA'S TRIP TO AFRICA

Managua BARRICADA in Spanish 24 Apr 80 p 2

[Excerpts] Luanda, 24 Apr--the high-level Nicaraguan delegation headed by Cmdr Daniel Ortega arrived last night from Mozambique on an official visit to this capital.

The delegation was received at the Luanda International Airport by Pablo T. Jorge, minister of foreign relations, and Pedro Maria Tonha, vice minister of defense. Cmdr Daniel Ortega will meet with Angolan President Jose Eduardo dos Santos in the next few hours.

This is the first time that a high-level delegation of the Nicaraguan Government visits the African continent. The opening of our country toward the African countries has been possible only with the triumph of the Sandinist People's Revolution.

This historic trip started in Zimbabwe (formerly Southern Rhodesia), which was celebrating its independence from British colonialism.

The Sandinist presence at Zimbabwe's independence ceremony has ratified our government's anti-imperialist, anticolonialist and antiracist position and has been considered very significant by the people of Zimbabwe and their leaders Robert Mugabe, of the ZANU [Zimbabwe African National Union] and Joshua Nkomo of the ZAPU [Zimbabwe African People's Union]. The ZANU, led by Robert Mugabe, obtained 63 percent of the black population's vote, winning 67 of the 80 seats obtained by the blacks in the new parliament. Despite all the efforts of the British colonialists, the Rhodesian white minority and the South African racist regime to get their candidates elected, the anti-imperialist parties won the election. Together the ZANU and ZAPU obtained a resounding 87 percent of the votes cast by 2.7 million voters. Both organizations, allied in the Patriotic Front, had engaged in a long battle against the white supermacy government.

Great Diplomatic Activity

During its stay in Salisbury, the high-level delegation of the Nicaraguan Revolutionary Government headed by Cmdr Daniel Ortega carried out

intense diplomatic activities, meeting with representatives of the People's Republic of Vietnam, the Saharan Democratic Arab Republic's POLISARIO [Popular Front for the Liberation of Saguia el Hamra and Rio de Oro], Indonesia's PRETILIN [Revolutionary Front for East Timor Independence] and others.

In addition, in a press conference, Commander Ortega denounced before the international press the land, air and sea military maneuvers that are being organized for the first week of May, starting with the landing of more than 3,000 marines in Guantanamo Bay, Cuba.

"This is a direct threat of intervention against the area's progressive governments, directed especially against El Salvador, where at this moment the Salvadoran people are fighting for their liberation," Commander Ortega said.

He pointed out: "We also believe that this is not only a threat against the progressive governments of Nicaragua, Cuba, Jamaica and Grenada, but also against the petroleum-rich countries of Venezuela and Mexico."

Recently at the meeting of Central American Foreign Affairs Ministers held in Costa Rica, an agreement was signed to declare the Caribbean an "area of peace" and will be brought before the UN Security Council. In this agreement the Central American foreign ministers committed themselves to defend the area's security and stated that "any intervention directed against any of the signatory countries will be considered as a direct intervention in all the countries of Central America."

However, despite the existence of this agreement, the United States persists in its attempt to carry out this huge maneuver, which has already been announced in Washington official circles.

Visit to Zambia

At the invitation of Zambian President Kenneth Kaunda, the Nicaraguan delegation arrived in Lusaka on 19 April aboard the presidential airplane.

Zambian-Nicaraguan Joint Communique

After a full sightseeing program, there were conversations between the president of Zambia, Dr Kenneth Kaunda, and Cmdr Daniel Ortega, member of the JGRN [National Reconstruction Government Junta], resulting in the official establishment of diplomatic relations between Zambia and Nicaragua at the ambassadorial level.

In addition the leaders issued a joint communique stating their concern for the growing imperialist intervention against Caribbean progressive governments and the Salvadoran people, stating their aim to solidly oppose any foreign intervention against the struggle of peoples to obtain their liberty and independence.

Both heads of state warned that "any military intervention in any part of the Caribbean would seriously threaten peace in all the region."

Concerning South Africa, President Kaunda and Commander Ortega expressed satisfaction over the victory of the people of Zimbabwe, categorically condemning South African aggression against Zambia and other neighboring countries, and also demanded that South Africa cooperate with UN efforts to achieve real independence in Namibia.

The visit to Zambia ended on 21 April and Commander Ortega left for Maputo, Mozambique.

Meeting With Samora Machel

The leader of the people of Mozambique, Samora Moises Machel, received the Nicaraguan delegation with true revolutionary spirit. "Nicaragua's victory is a victory for humanity," he said, receiving Commander Daniel Ortega and starting talks between the diplomatic leaders of Nicaragua and Mozambique. He expressed the solidary support of the Mozambique revolutionary government for the struggle of the Nicaraguan people.

The Nicaraguan foreign minister, Father Miguel d'Escoto, introduced Comrade David McField, our ambassador to Mozambique, who will also serve as ambassador to Zambia, Angola and Tanzania.

Cmdr Daniel Ortega also met with Guyana's prime minister, Forbes Burnham, who was visiting the country. The problems of the Caribbean area were discussed at the fruitful meeting. Prime Minister Burnham extended an invitation to the Nicaraguan Government to visit Guyana in the near future to discuss these problems more fully and to expand their relations.

The Nicaraguan delegation, currently in Luanda, Angola, will leave for Algeria on 24 April.

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CARLOS NUNEZ DISCUSSES ROLE OF MASS ORGANIZATIONS

Managua BARRICADA in Spanish 23 Apr 80 p 4

[Text] "Experience has shown that all revolutions which are not supported by their fundamental organizations are revolutions that stray from their path or fail."

This was the way Commander of the Revolution Carlos Nunez, a member of the national directorate of the Sandinist National Liberation Front (FSLN), defined the role of mass organizations within the Sandinist revolutionary process during a seminar organized last weekend by the COIP [People's Industrial Corporation].

Commander Nunez indicated that talking about mass organizations is time-consuming as there are many and varied aspects that must be considered.

He first spoke of the situation of mass organizations before and after the revolution, and about the emergence of new organizations in response to conditions created by the revolution.

He noted that these new organizations were created as a result of the need for mass organizations to express the political plan and the revolutionary alternatives.

New Concept About Organizations

The organizations which first found expression in the United People's Movement [MPU] and later in the Patriotic Front had a new task and a new concept following the victory of the revolution.

In fact, that was bound to happen because of the change in all the old orders and basic modifications in the lines of the mass organizations throughout the country.

Commander Nunez said that the first mass organization that developed rapidly after the revolution's victory was the Sandinist Defense Committee (CDS),

of which there are about 12,000 to 15,000 groups, each made up of 15 or 20 people.

But he stressed that this is mainly because the cadres, the rank and file, and the masses themselves had previous experience which they developed during the struggle.

Popular Forerunner: the CDC

The forerunners were the Civil Defense Committees [CDC] which grew out of the MPU to prepare the civilian population for imminent war.

The ease in developing the forms of civil defense and the various ways of participating in the struggle, whether by arms, politically or through auxiliary forms, was the result of the work of the CDC.

Commander Nunez pointed out that the CDS was the first form of organization after the victory and was an effort to prepare the masses to try to eliminate the last traces of anarchy and to help defend the revolution.

He said that the emergence of new organizations brings with it the need to better define the role of those organizations.

Commander Nunez noted that after the revolutionary victory, the new government that was created endeavored to be an instrument of service to the revolution and to recognize the role played by the social forces under the leadership of the FSN.

"The changes that will necessarily be made in the economic, political and social order will now need the initiative and creative participation, the support and the strength of the masses," he stressed.

But that transformation can only be made by means of an organized instrument that can internalize the demands of the masses, direct them and defend them.

Mass Organizations: Consensus and Participation

The importance of the mass organizations must also be seen from the standpoint that political changes must also have the participation and consensus of the mass organizations, which only after the victory have awakened to a new awareness that leads them to keep close watch over the incipient revolutionary process.

The organized power of the masses is and will always be contained in that very awareness of defending the revolution--militarily if there were a war, politically if it were distorted at the international level, or economically if its productive strength were strained. It is our basis, our strength and our vigor, according to Commander Nunez.

At the present time, Commander Nunez indicated, the mass organizations have been following a line of organization, education and mobilization that attempts to unite all social sectors within them.

They have resolved to help meet the economic goals, participate in the transformation of the government and reinforce the work of organizing the rank and file.

At the present time mass organizations have directed themselves toward attacking the positions of the revolution's enemies and mainly toward production tasks.

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RESULTS OF RECONSTRUCTION BOARD MEMBER'S TRIP TO ITALY

Managua BARRICADA in Spanish 25 Apr 80 p 12

[Text] On his return from Italy, where he had been invited by the mayor of Milan, Carlos Tognolli, Comrade Samuel Santos, who is in charge of the Managua Reconstruction Board [JRM], gave a press conference to state the results of the trip.

The purpose of his visit was to attend the Conference of Mayors of Large Cities which was held in Milan this year.

During the conference Comrade Samuel Santos talked about the situation in Managua and Nicaragua, an unprecedented event in the history of this conference which has always been strictly technical. As a result of Comrade Santos' presentation, the conference adopted a resolution whose text follows:

"The Ninth Conference of Mayors of Large Cities of the World held in the city of Milan from 15 to 17 April 1980, has decided to offer its support and solidarity to the Nicaraguan people within the framework of the Sandinist Revolution's efforts to rebuild Nicaragua's cities. The Ninth Conference exhorts participants to respond positively to this appeal, cooperating with contributions of any nature to the achievement of this fundamental objective."

Italian Assistance

At the same time the purpose of the trip was to receive the 50 million lire in assistance given by the city of Milan and another 19 million donated by the city of Turin for Managua.

With FIR approval, this money has been used to purchase spare parts for Italian construction equipment necessary to continue the reconstruction of Nicaragua and especially of Managua.

The most urgently needed spare parts are the "virrias" [drill bits] necessary to extract stones from quarries. The stones are used by the

JRM to line the channels. It is estimated that the JRM uses some 5,000 quarry stones daily for this purpose, without taking into account that soon work will start on sidewalk curbs, which will also be built from this material.

At present the quarries belong to CONDEMINAH and those that are operating near Managua are: one in Tipitapa, one on the old Leon highway and three in Diriamba.

The El Espanto Quarry

For a long time a quarry had been operating in the town of El Espanto, but it is not being used now because it is too near the town. The hole that was left as a result of the extraction will be used as a sanitary dump with a new method that allows the covering of trash in a sanitary way, without any danger to nearby populations. It is hoped that in the future a park or green area will be built on top and it will be lighted with the methane gas produced by the trash.

Riverbeds and Winter

The JRM at this moment is putting all its efforts into lining and channeling the riverbeds before the rainy season arrives. However, the population is warned that this year it will not be possible to totally avoid floods, but these projects should control and minimize them. A winter emergency plan is being drawn up in cooperation with the CDS [Sandinist Defense Committees] to insure that, if flooding does occur, human lives are not affected.

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SPAIN'S RELEASED PRISONERS TELL OF INCARCERATION, REPRESSION

Madrid EL PAIS in Spanish 17 Apr 80 p 56

[Article by Rafael Praguas]

[Text] "The day they arrested me in Buenos Aires, the 30 September 1976, 66 people were arrested along with me, among them some 10 children. Two of them, Anatole and Eva Lucia Julien and Mariana Zafaroni, have turned up alone in Chile. We never heard anything more of the others," said Francisco Javier Peralta, born in Pamplona 29 years ago and who had been a prisoner in Uruguay for the past 4 years after being seized in Argentina. He arrived in Madrid Monday morning with two other Spaniards, the first to be released by the Montevideo authorities.

His wife, Beatriz, is still a prisoner in the women's prison at Punta Rieles, not far from Montevideo, living under conditions even worse than those he lived through after going through "Hell," a torture center for political prisoners used by Uruguayan military authorities since 1973.

Severino Carballal, a 31-year-old Galician born in Vigo and a resident of Uruguay from childhood on, traveled to Madrid with Peralta. Accused of belonging to the Uruguayan Communist Party and sentenced to 4 years in prison with subsequent deportation, he was tortured in "Hell" for 33 days: the horse, the goad, the "suspension" — entire days tied with cord to a hook, his feet barely touching the ground.

"When my body got used to that terrible position, they wet me down with water and applied an electric current to me. During my delirium, they placed a tape recorder near me to see whether they might get some information of interest in pursuing their repression of the opposition in Uruguay," Carballal said. At time, he interrupted his tale with big outbursts of laughter. There can be no doubt that his great sense of humor kept him from going mad under torture, as did so many other Uruguayan political prisoners.

"Something funny happened to me. Once, I was being tortured. They shouted at me that I belonged to the Communist Party and I denied it. They beat

me to get me to confess. I lost consciousness. I began to have grotesque fantasies. I thought that the hour of my death had arrived. Involuntarily, with my eyes clouded over, I shouted at the top of my voice: 'Long live the Communist Party!' My subconscious," he said with outbursts of joyous laughter, "had played me a /dirty trick/ [in italics]." He is glad to be free but admits that it is not easy for him to forget his comrades in so-called Libertad Prison, where 1,150 political prisoners have been waiting to be released in cells and barracks for years now. Seven hours a year to see one's children, 14 for the other members of the family. That is what the prison is like.

The central concern of both Peralta and Carballal is to see all Uruguayan political prisoners freed. Among them, there are still some 15 Spaniards and hundreds of children of Spanish citizens who are subject to the rules of double citizenship. "Without international pressure, the Uruguayan military authorities would not have released us. It is absolutely necessary for the whole world to raise its voice and demand the release of and amnesty for political prisoners in Uruguay and for that voice to force the military command to relax its repression of the country," they both said.

Over 300 people risked accompanying them to Montevideo Airport where they went, guarded by the police right up to the gangway to the plane. They had only 10 minutes to talk with their families.

"Spanish Commercial Attache Dezcallar behaved magnificently with us and our families," they said. "And when the Spanish Embassy provided a civil defender for us — Torres, a lawyer from the embassy itself — he had to endure 4 months in jail for having attempted to defend our right to a civil defense, impossible in Uruguay."

The two released prisoners, who were accompanied by another Spaniard today in Barcelona, 28-year-old Galician Eulogio Agulla, feel that the Montevideo authorities "don't want any martyrs. They prefer a political activist who has been broken to brainwash the others." Valium 10 is consumed in large quantities in Libertad Prison. Pain and anxiety force people to use it.

"They said we were Tupamaros. We never had anything to do with armed action. As for me," Peralta said, "they accused me of being associated with a subversive organization. In Uruguay that means any political opposition organization. They have tried to physically and mentally destroy political resistance to the dictatorship, but they have not succeeded. In Uruguay people are fighting the government, daring to confront them, and this makes them uneasy."

When it came to specifying what they and so many other opponents of the regime in Uruguay have dared and are daring to do, Carballal said: "In 1980 in Uruguay they have tried to come up with a modern version of the Nazi extermination camps of World War II." For Peralta, "we will go on being prisoners for as long as Uruguay remains a prisoner."

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